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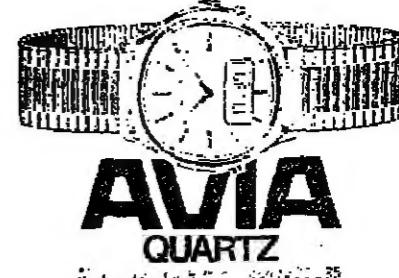
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FINANCIAL TIMES

No. 27,724

Saturday November 25 1978

Job in its



CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.8; GERMANY DM 2.8; ITALY L 500; NETHERLANDS Fl 2.8; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pes 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.8; EIRE 15p

NEWS SUMMARY

GENERAL

Court hears Thorpe letters

The prosecution in the Jeremy Thorpe hearing alleged at Minehead yesterday that millionaire industrialist Jack Hayward unwittingly funded a plot to murder Norman Scott.

The court also heard letters alleged to have been written to Mr. Hayward by Mr. Thorpe, in which the former Liberal leader described Peter Bessell as "a bastard" and, on another occasion, wrote "damn the man."

Mr. Hayward told the court that he first met Mr. Bessell in 1970. It was Bessell who convinced Mr. Hayward to make a substantial donation to the Liberal Party. It amounted to £50,000.

In one letter Mr. Thorpe asked for £50,000 to cover "an overlap on some expenditure I would prefer not to argue about." He was asked for one cheque for £40,000 to be paid to the Liberal election fund and one for £10,000 to be sent to Nadir Dinsay, a Jersey businessman and the god-father of Thorpe's son.

Mr. Hayward also said that Mr. Thorpe asked him to put pressure on Mr. Bessell for money owed to him (Hayward) and threatened that if Bessell came back to this country "I would serve a writ on him for bankruptcy." Mr. Hayward said he took no action.

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Zambia hostile.

Proposals for an "all-party

Rhodesia conference in London

look bleak with President

Kaunda of Zambia pessimistic

and British envoy Clewden

Hughes expected to be given a

modate reception in Lusaka.

Page 2

Death toll up.

The U.S. State Department said

the death toll in the Guyana

mass suicide could reach 500.

More than 800 bodies have

already been found at the former

headquarters of the People's

Temple sect where a U.S.

Congressman was killed last

week.

Portugal riot.

Riot police used teargas to disperse

hundreds of youths wearing

Nazi-style black shirts and

swastika armbands who rampaged through Oporto,

Portugal's second city.

Rates pessimism.

The Government has told local

authorities to keep rate increases

below 10 per cent, a view the

authorities said was at best

optimistic and at worst

unrealistic. Back Page

£3.5m spillage.

Traffic Department says the cost

of the east coast Eleni V oil

spillage was £3.5m. The

Government hopes to recover all

the money from the shipowners

or their insurers.

Historic auction.

The first ever auction of bonds

and share certificates, organised

by Stanley Gibbons in London,

raised £23,600—almost double the

estimate. Top price of £1,600 was

paid for a Spanish Government

bond issued in 1749. Page 22

Time running out.

Tomorrow's Sunday Times could

be the last for some time. The

group is only six days away from

the date on which it has said all

publication will be suspended

and the National Graphical

Association is still refusing to

attend talks. Page 3

Briefly.

Two men were jailed for six

months at Carmarthen for con-

spiring to damage television

transmitter installations.

Bolivian armed forces ousted

President Asbum in a bloodless

coup. Page 2

Four people were hacked to

death and a fifth shot in southern

Thailand.

Eight children were hurt when

a car ploughed into a Glasgow

bus queue.

Wife of Ronnie Wood, the Rolling Stones guitarist, wants a

divorce.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Armitage Shanks ... 731 + 41

Armour Trust ... 101 + 2

Avana ... 67 + 3

Beecham ... 620 + 5

Borthwick (Thos.) ... 63 + 5

Brooke Bond ... 51 + 6

Capital and Counties ... 231 + 21

Marlborough Prop. ... 221 + 12

Metal Box ... 328 + 2

NSS Newsagents ... 106 + 8

Parker Timber ... 132 + 6

Racial Elects. ... 150 + 4

Reed. Int'l. ... 156 + 4

Richard and Saatchi ... 352 + 9

Stewart-Blasics ... 152 + 4

Tunnel B ... 280 + 10

FALLS

ANZ ... 298 - 12

Clark (Matthew) ... 150 - 4

FPA Construction ... 12 - 5

Robertson Foods ... 140 - 9

Spencer & Fane ... 209 - 1

FT-Actuaries Indicators ... 152 - 4

Gardening ... 440 - 15

Northgate Expln. ... 440 - 15

BUSINESS

Equities gain 7.1 on week to 479.9

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government's Green Paper on the proposed European Monetary System takes an unexpectedly positive view of the creation of a zone of monetary stability. But it remains non-committal about the precise exchange rate mechanism to be used.

The Government says it cannot yet reach a conclusion on whether it would be in the UK's best interests to join the exchange rate regime of the European Monetary System on the basis laid down in Bremen (the last EEC summit), but it narrows the issue of a particular exchange rate mechanism which is emerging from the negotiations.

Several times the Green Paper draws a distinction between the goal of monetary stability and the detailed exchange rate arrangements.

This view underlines the likelihood that the Prime Minister will tell the other EEC heads of government in Brussels in ten days' time that the UK favours the establishment of a monetary system but that it has reservations about the technical aspects which have not yet been resolved.

Consequently, the UK may not agree to participate fully and link sterling immediately with other EEC currencies. In that case, full membership would follow when discussions on the broader proposals had been successfully completed.

This was hinted at by Mr. James Callaghan on Thursday when he told Labour MPs that Britain would not take a final decision on joining the system at the Brussels summit.

The Green Paper's emphasis on the broader objectives contrasts with the stress placed during the detailed talks of the last five months on the significance of the technical aspects.

The Paper says: "It is im-

portant to make clear first that, in the Government's view, the choice to be made in the coming weeks relates not to a European Monetary System on the basis laid down in Bremen (the last EEC summit), but to the narrower issue of a particular exchange rate mechanism which is emerging from the negotiations."

Some may regard the system as little more than an exchange rate mechanism, imported by central bank swap arrangements.

The Government also sees no objection of principle against entering into international agreements to maintain stability in the exchange rate with the help of co-operative credit and reserve asset arrangements. . . . It is wholly appropriate that we should do this within the European Community, to which we belong."

This section is likely to annoy the many anti-Marketeers within the Labour Party, while both these critics and others are likely to disagree with the Government's rejection of a policy of a depreciating exchange rate.

The Government reiterates its determination to work for a continuation of the exchange rate stability which sterling has enjoyed for nearly two years."

The Green Paper discusses the possible impact on price competitiveness and the balance of payments of the assumption "for the purpose of argument" that the average exchange rate would be a little higher inside the EMS regime.

Continued on back Page

Details Page 4

Editorial Comment Page 16

Italy to join EMS, Page 2

Callaghan hints at part membership for a while

BY ROBERT MAUTHNER

MR. JAMES CALLAGHAN hints strongly today that Britain is likely to participate in some aspects of the proposed European Monetary System, without becoming a full member from the very beginning.

Speaking after talks in Paris with President Giscard d'Estaing, Mr. Callaghan emphasised that there had never been any doubt that the creation of a zone of monetary stability could be only in Europe and the world as a whole.

He also said that a Community scheme must embrace all nine member countries. But not all countries necessarily had to adhere to all parts of the scheme. Some might decide that they were more concerned with certain aspects than others.

It was the first time that Mr. Callaghan had spoken in public of the possibility of partial British participation in the scheme. Though the French President did not elaborate on his statement that, if the UK did not

participate fully in the scheme from the beginning, this would not have any adverse political consequences for the future of Europe.

The French President expressed the firm hope that the final decision to be taken on the system at the European Summit on December 4 and 5 would be of the type which would either ensure British participation from the outset "or when the British Government considered the circumstances to be favourable for membership."

The British and French leaders also reached agreement on the controversial question of the extension of the European Parliament's powers after it is elected, which has been the subject of a bitter debate in France over the past few weeks. Mr. Callaghan emphasised that the British Government, like the French, intended to ensure that the European Parliament's powers should be strictly limited to those laid down in the Treaty of Rome.

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There is nothing new in it—I could have written it myself two years ago with no help from the British Government."

Mr. Finn Olov Gundelach, the EEC Fisheries Commissioner, said afterwards that many of Britain's major demands could be satisfied through the use of formulae slightly different from those suggested by Mr. Silkin.

British fishermen could get a fairer price treatment and quotas taking into account their losses in three-country waters, but Mr. Silkin had not been interested in discussing how this might be done, he said.

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HOME NEWS

Direct labour plans will face opposition

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

MINISTERS ARE to revive proposals to make direct labour operations building departments into fully independent trading bodies, in spite of the recommendation of a Government working party that such powers were "not desirable".

News of the move is bound to start another round of violent opposition from the private sector of the construction industry, which believes that the Government intends to use direct labour operations as a major instrument in any plans to expand state control within the industry.

The Government intended to include provisions in a draft Bill last year for making such operations fully independent trading bodies, capable of taking on most types of work in any area and of competing with private contractors, but the controversial proposals were never introduced because of the Government's shaky parliamentary position.

A Department of the Environment working party report in August said the direct labour operations could be brought much more readily into competition with private contractors.

This could be done by allowing direct labour operations to act as trading bodies, giving them some of the freedom in choice of work and flexibility in pricing that was open to private contractors.

But the working party did not

support any proposal to allow the DLO's direct labour operations building departments into fully independent trading bodies, in spite of the recommendation of a Government working party that such powers were "not desirable".

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But the working party did not

Further £50m State aid for Coal Board

BY JOHN HUNT AND JOHN LLOYD

THE GOVERNMENT was to cost to power stations, allowing make a further £50m available to the Central Electricity Generating Board to move coal-fired financial year because of the actions up the merit order, and "difficult position" in which it burns coal, found itself. Mr. Alex Eadie, junior Energy Minister, said last night.

Mr. Eadie said in a written Commons answer that the grant would cover assisted coal burn at power stations, stocking aid for power station coal, bringing the total subsidy to £22.7m.

The increase will come from the Government's contingency fund, and will not raise planned Government expenditure for the year. Grants to the board this financial year now total £12.5m.

The grant is broken down as follows: Assisted coal burn, to adjust to the dramatically lower level of demand for coke; £1.5m; stocking aid to coal, £1.5m; stocking aid to coal, £1.5m; coking coal production dropped from more than 19m tonnes four years ago to about 14m tonnes last year.

The total expenditure on the assisted coal burn in coking coal scheme will be £80m, and provision for it will be announced, and will enable the public board to bring down the cost of expenditure White Paper.

Benn outlines power and coal strategy

BY RHYNS DAVID

BRITAIN would spend £240m by the end of the century on new power station facilities which had made it necessary to ensure coal's importance as part of energy strategy, claiming that and boiler manufacturers by any cost advantage oil might secure over coal in the short term would be only temporary.

Britain had the most efficient mining industry in Europe, with only 22% compared with 28% in West Germany and 55% in Belgium.

Mr. Benn said that there were 45bn tonnes of coal under the UK and more under the North Sea. "Anyone who let coal go down the drain would be disaster."

The Drax B Power Station ahead of requirements, Mr. Anthony Wedgwood Benn, Secretary for Energy, said yesterday.

Mr. Benn was visiting the Drax station in Yorkshire, where piling work for the new boiler and turbine houses is under way. The site eventually will carry three 660-megawatt turbine-generator units beside the existing Drax A station of the same size.

Completion is due by 1986, costing £685m. Contracts for turbines and boilers have been placed with C. A. Parsons and Babcock and Wilcox.

Mr. Benn, who met management and union officials from the Central Electricity Generating Board and the main contractors, would not be drawn on likely effects on electricity costs of holding stock.

Cigarette promotion brings summonses

BY MAURICE SAMUELSON

A LEGAL BATTLE is imminent over a scheme to promote John Player cigarettes with prizes ranging from a free packet to £500 cash.

Summons were issued yesterday against Imperial Tobacco Company and some of its directors and employees saying that the competition contravened an unlawful lottery under the Lotteries and Amusement Act 1976.

Imperial intends to defend the case, which is to be heard in Nottingham on January 15. It said that it had been advised by counsel that the promotion did not contravene the Act and was confident that "the views expressed by the Royal Commission on Gambling—that such free lotteries have no harm in them—would be sustained."

The scheme, introduced about a month ago, has been widely advertised and highly successful. It is due to end next month, although wins will be redeemable until March. Wins of £5,000 and £1,000 have already been reported.

It has been used to promote sales of Players No. 6, John Player King Size and King Size Extra Mild. The packets contain cards resembling fruit machine windows—some with lucky combinations.

The competitions appear under the names of Spot Cash, Trade Spot Cash, Special Trade Spot Cash and Wholesalers' Spot Cash. Under the Lotteries and Amusement Act, 1976, lotteries on Gambling—that such free lotteries have no harm in them—would be sustained."

State 'has to push' oil groups to drill

BY KEVIN DONE, ENERGY CORRESPONDENT

THE BRITISH National Oil Corporation had had to push oil companies very hard to start exploration drilling on blocks under the fifth round of oilfield licensing. Lord Kearton, chairman of the Corporation, said yesterday that the demand for the oil companies to try for more offshore acreage to be allocated should not be confused with a readiness by companies to drill early.

Exploration drilling has fallen sharply this year, and the Government is likely to consider tightening the work obligations placed on oil companies bidding in the present sixth round.

Lord Kearton said that there had been some belated realisation that with smaller licensing rounds there could be a break of two years or more before

companies undertook drilling on the new concessions. With one exception, all the urging to drill on fifth round concessions had come from the Corporation, he said in Glasgow.

The demand for the oil companies to try for more offshore acreage to be allocated should not be confused with a readiness by companies to drill early.

Costs of offshore exploration were rising sharply. The last well drilled by British Petroleum on Block 3/30 could have been "the single most expensive well drilled in the North Sea." Total costs were estimated at more than £10m.

North Sea wells were unlikely

Sullom Voe tankers delayed

BY OUR SHETLANDS CORRESPONDENT

AFTER MONTHS of delay the first North Sea oil is due to arrive today at the £750m Sullom Voe terminal in Shetland—but because of a last-minute technical difficulty the oil companies cannot bring tankers into the port to take the oil.

Pressures of about 16,000 lbs a square inch were encountered at the bottom of the well, at a depth of about 16,000 feet. These pressures exceeded the capacity of any safety blow-out preventer in use in the North Sea, which have specifications up to 15,000 lbs a square inch.

Lord Kearton said that the oil companies, under the terms of the oilfield licence, cannot reach agreement for the terminal in the absence of a formal land lease to Sullom Voe Association. The temporary licence would remain in force until June next year.

The industry is concerned about some of the provisions in the licence, particularly an indemnity clause under which the council would be reimbursed if there was any oil pollution in circumstances such as a fracture of either the Brent or Ninian pipelines.

Assurances have been given by the oil companies that they will not try to bring any tankers into the port to load oil before noon on Monday, when both sides hope to have reached some agreement.

The council had told the oil industry that, if tankers attempted to berth to take off the oil, it would take "certain action" to protect its interests.

In spite of this warning, Shell's Donorran, 70,000 tons, arrived in Shetland waters on Thursday in readiness to take away the interface—oily water which comes through the pipeline ahead of the crude oil. The vessel is now anchored off the north of Shetland awaiting further instructions.

The first tankers to take away

the crude oil were originally

expected to arrive at the port early next week.

Talks soon on plans for shipbuilding

BY LYNTON MCLEAN

WORLD SHIPBUILDING capacity was twice that likely to be needed in the long term, and it was hard to see how more than a fraction of it could be useful, Mr. Ronnie Swaine, president of the General Council of British Shipping said last night.

The problem reflected the slump in shipping. More than 55m dwt tons of shipping was

burnt up around the world, with about 10 per cent of it British.

There was a risk that governments could prolong the slump by subsidising the building of ships when there was no com-

panying yard closures and the loss of 12,000 jobs.

Industrial action against the proposed cuts has already been taken by members of TASS, the draughtsmen's union, at the Haworth Hill yard of British Shipyards on the River Tees.

The yard is likely to be one of the first to close.

The men have refused to release plans for two refitted container ships. These were to be built for the Bank and Savill Line but only if the plans were released and the company given access in the industry.

The plan was given by Mr. John Chalmers, chairman of the confederation's shipbuilding committee in Newcastle last week.

The favoured option calls for a cut of a third in the industry's production capacity, with accom-

panying yard closures and the loss of 12,000 jobs.

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GREEN PAPER ON EUROPEAN MONETARY SYSTEM

Government not ready to decide whether it is in Britain's best interests to join

THE GOVERNMENT takes a non-committal view on whether the UK should enter the proposed European Monetary System in its Green Paper, published yesterday.

The paper says the Government is not yet in a position to say whether it would be in Britain's best interests to join the system.

The Green Paper relates the proposal to the international monetary environment, and describes the kind of system which the Government would like to see developed so that it could include and retain all the members of the European Community.

The proposals are due to be discussed by the Commons next Wednesday, and by the EEC Heads of Government at a summit meeting in Brussels early next month.

For about a quarter of a century after the 1939-45 war, the free world lived with a system of fixed exchange rates which rested on international agreements reached at Bretton Woods in the U.S. in 1944. Britain played a major part in the working out and establishment of this system. The International Monetary Fund was set up to support and monitor. The foundation on which it was built was the overwhelming economic importance of the U.S. in the post-war world. The U.S. was ready at that time to accept responsibility for the main reserve currency of the system, to assist generously the reconstruction of other countries of the free world (e.g. through the Marshall Plan) and to make it possible for the central banks of other countries to rebuild their reserves of dollars.

The system of fixed but adjustable exchange rates set up at Bretton Woods came under great strain in the late 1960s and virtually came to an end in 1971. The reason that inflation was growing throughout the world and differences between the inflation rates in various industrial countries increased. Another reason was the recovery of the economies of the free world, especially Germany and Japan. The answer that the U.S. thought of was that the dollar economy no longer occupied the same dominant position.

Floating

Since 1973 the world has lived with a system of floating exchange rates but the floating rates have often been "managed" by heavy central bank intervention. It can be argued that the policy of floating rates helped the world to surmount the unprecedented shock of the oil price increase in 1973-74. The consequences of that shock to the world economy are still with us. It has helped to produce, directly and indirectly, the huge imbalances of payments, surpluses and deficits which still persist. These imbalances have led to currency instability and still prevent the world from returning to a system of fixed exchange rates.

Nevertheless, there has been growing disillusion with the operation of floating rates. The contribution to eliminating payment imbalances, though often important, has been shown smaller and less certain, and has been achieved at a higher cost in inflation, than was hoped. Currency movements have often been greater than was justified by the underlying economic situation, as with sterling, and the dollar in some recent periods. This has been facilitated by the great increase in the volume of mobile funds. It may be that no system could have performed well in the face of the economic imbalances of the years since 1973.

At all events, there has developed in recent months a strong desire to move back towards greater exchange rate stability. This has been reflected in the policies and statements of governments in situations as different as, for example, those of the U.S., Japan, Germany, France, the UK and other countries of Western Europe.

Rate stability

It was against this background that in preparing for the Bonn economic summit in July, the Prime Minister put forward a five-point plan for helping the free world out of economic recession by achieving a higher rate of non-inflationary growth and reducing unemployment. This plan was adopted by the heads of State and Government as the framework for their discussions and decisions. Two complementary elements in it were the need for greater exchange rate stability, which helps to foster growth and reduce unemployment, and concerted action to achieve greater compatibility in the economic performance of the major industrialised countries, as a foundation for stable relationships between exchange rates.

Consistently with the five-point plan, the European Community has this year pursued a strategy for concerted action to increase growth and reduce inflation. Member governments are now taking the measures this strategy requires. If the Community pursued this type of concerted action continuously, that would provide the right foundation for a new European Monetary System.

The Government therefore welcomed the concept of a zone of monetary stability in Europe put forward by the Federal German Chancellor and the President of the French Republic, to be achieved by establishing a European Monetary System. This system, as outlined in the annex to the presidency statement on the outcome of the European Council at Bremen, was to have several important components. There was to be a regime of fixed but adjustable exchange rates "at least as strict as the snake" and it was stated that the exist-



MR. DENIS HEALEY
Principally involved in the EMS negotiations

Stability

It has been open to any member of the Community to join the snake at any time. However, it is not clear that the snake is more likely at this moment to form an effective basis for general European exchange rate stability than in the past. The Government has no wish whatever to interfere with the right of any countries now in the snake to retain arrangements which suit them. It is entirely willing to see a broader EMS developed which would fully accommodate and respect this right. But in the light of experience and of the world economic and exchange rate situations as they now stand, it is felt that it would be a mistake to base the new EMS on extending the snake, or something very like it, to the larger countries which have already found it incompatible with their needs.

Inflation differentials between Community countries are much greater than when the snake was set up in 1972. There are still important differences in the balance of payments performance—for example, Germany continues to have a substantial surplus. Community currencies are differentially affected by sharp changes in the strength of important currencies outside the Community, especially the dollar, the Swiss franc and the yen. The EMS would have to be strong enough and flexible enough to survive both the internal and external strains which this situation implies. Accordingly, the Government has argued throughout that the EMS as a whole, and its exchange rate regime in particular, should be substantially different in character from the snake.

The characteristics of the EMS envisaged at Bremen and described in paragraph 8 encouraged the Government to believe that this was something which could be achieved in the negotiations.

UK approach

The Government made it clear from the outset that it would participate fully and constructively in the work necessary to achieve a European Monetary System which could embrace and retain all members of the Community and which would in fact contribute to the objective of greater monetary stability. It asked for studies of the measures needed to strengthen the economies of the less prosperous member countries, to be carried out at the same time as the preparatory work on the exchange rate and credit aspects of the system. Heads of Government concluded that "such measures will be essential if the stability of monetary stability is to be secured." They said that "decisions can then be taken and commitments made at the European Council meeting on December 4 and 5."

The Government therefore insisted that the system should embody certain characteristics:

1—It should be durable and effective. If it proved not to be durable the stability of European currencies would be damaged with consequent damage to the political and economic development of the Community as well.

2—It should be truly European and should be capable of containing all members of the Community, allowing for the diversities in their economic situation and for the time that is bound to be needed to achieve major progress towards convergence.

3—It should provide a basis for improved economic growth and higher employment in the Community, rather than impose further constraints on growth and employment.

4—For this reason, the system should impose obligations on its stronger members symmetrical with those falling on its weaker members.

5—The system should be supported by adequate funds for intervention on the currency markets.

6—There should be provision for realignments of exchange rates within the system when underlying economic circumstances made this advisable.

7—The system should reinforce efforts to improve currency stability worldwide and should not be detrimental to other currencies, including the dollar, or to the standing and effectiveness of the IMF.

8—The system should be accompanied by clear progress in making the operation of Community policies as a whole assist in promoting convergence of economic performance of member States. In particular there should be net transfers of resources on the right scale to the less prosperous members.

The snake

The Chancellor of the Exchequer's memorandum to Parliament outlines the history of the existing "snake" arrangement. The snake, while continuing to function for Germany and for the Benelux countries, Denmark and Norway which

have particularly strong monetary and trading links with Germany, has not proved an effective basis for a true European monetary unit called the ECU.

This new unit was to be substituted for 20 per cent of existing reserve assets. Exchange rate intervention was in principle to take place in Community rather than non-Community currencies. A new Community credit system was to be on a much larger scale than the present Community credits. And a European Monetary Fund was to become responsible for the main reserve currency of the system, to assist generously the reconstruction of other countries of the free world (e.g. through the Marshall Plan) and to make it possible for the central banks of other countries to rebuild their reserves of dollars.

The presidency statement on the outcome of the European Council also recognised the

It should be truly European and capable of containing all Community members, allowing for the divergences in their economic situations.

suffers immediate damage either through losing reserves or through having to adopt deflationary policies, or both, although it has no responsibility for the situation. On the other hand, the government with the stronger currency adds to its reserves, and, although its domestic money supply may be increased thereby, it is not under corresponding pressure to take corrective action to correct the divergence, even when its currency is the cause of it.

Because of the fundamental lack of symmetry in the obligations imposed by the parity grid, the snake has a tendency to encourage deflationary policies overall.

The Government has put forward two main proposals designed to overcome this disadvantage in the snake system:

1—The Government suggested that instead of operating on the basis of a "parity grid," the exchange rate obligations should be related to movements away from the weighted average of Community currency values.

2—Each participating currency would be permitted to fluctuate within the agreed margin on either side of its reference rate against the "basket" of currencies comprising the European Currency Unit, which in any case will act as the "numeraire" of the system. When a particular currency reached either of its margins, there would not necessarily be another currency at its own margin at the opposite end.

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THE WEEK IN THE MARKETS

Minimum of business

With bargains marked hover have been slowly rising either side of 4,000 per day throughout 1978, but margins have visibly been in one of its less ebullient mood. A sprinkling of major raw material cost increases. A company news was all that was recent wage settlement was left to stimulate interest. But at added around £10m to costs which reveal sales volumes up around 18 per cent in the six months to mid-September. Here however, the comparison is with a period prior to the launch of Sainsbury's own Discount 78.

On a more positive note, there are signs of an upturn in continental European economies and an increase in industry inventories which augur well for ICI's longer-term

LONDON
ONLOOKER

However, the share price started to recover towards the close of trading on Thursday and by lunchtime on Friday was back to 365p, the pre-results level.

Stripping out £22m in exchange losses, the trading result of £105m was not too far below market expectations and reflected general industry improvement from the poor third and fourth quarters of 1977. Group sales totalled £1.25bn in the period compared with £1.156bn in the second quarter and £1.136bn in the third quarter last year. At the end of nine months, pre-tax profits (including exchange adjustments) amounted to £38.4m (£14m).

The third quarter is traditionally ICI's weakest: the decline in volume was 4 per cent in the up to at least 20 per cent in the latest period compared with a third quarter. This is a good stimulus both the UK and Continental textile markets, and the

company has plenty of new capacity to be filled; in addition, the policy of closing down loss-makers is continuing.

Courtaulds is anticipating its usual lags towards the second half of the year. However, much will depend on factors such as sterling, the fate of the proposals to reduce EEC fibre capacity and the workings of the Multi-Fibre Arrangement.

At this stage around £42m looks possible in the second half for a full-year total of £70m pre-tax (£32.7m). The longer term picture remains uncertain but in the meantime there is always the prospective 11 per cent yield to give support.

Courtaulds recovering

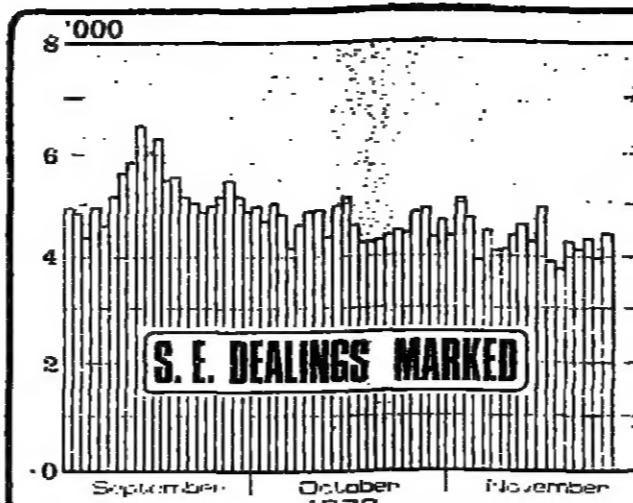
After three years of uninspiring figures, Courtaulds may at last be turning the corner. Although first half profits are virtually unchanged at £27.4m, the underlying trend is clearly upwards.

Profits suffered badly from strikes and stock losses in the second half of last year while the latest figures have been hit by the relative strength of sterling, especially against the U.S. dollar. The upturn in consumer spending is now beginning to

stimulate both the UK and Continental textile markets, and the

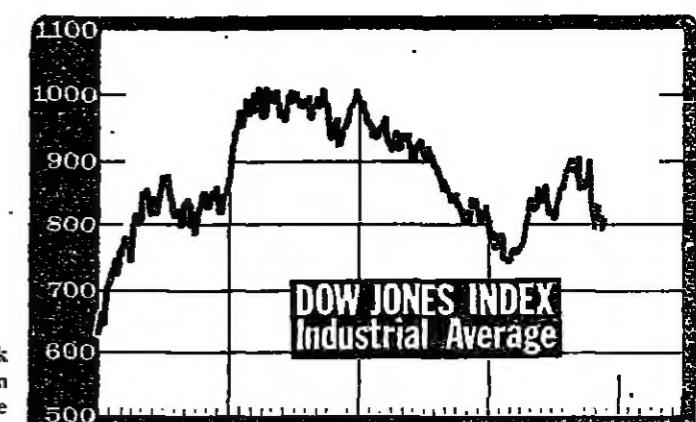
company also points out that it is planning further spending on the two piece can—cheaper, more efficient, and more marketable than its old-fashioned three piece cousin—while more resources are required for the expanding and highly successful central heating side. Behind all this lies the seed of what should be a fascinating duel between Metal Box and its big U.S. rival. Earlier this year Metal Box and Continental can broke off a long-standing agreement and both sides are now free to move in on previously forbidden pastures.

Analysts feel Metal Box is on to a head start which largely explains why the shares finished the week 26p higher at 328p. For instance, the company has made two U.S. investments, including a 15 per cent stake in a new joint Californian concern which has a big contract with Pepsi Cola. Continental can's U.S. presence, on the other hand, is still small and with three other American can makers here anyway it is easy to see why Metal Box, with a 70 per cent share of the U.S. market, is not unduly worried by the prospect of a fourth. Europe, where Continental can has previously been dominant, will be another interesting area. Significant returns from the new capital are not likely until the early 1980s, and after Tuesday's interim profits of £31.4m estimates for the full year still span the £63m-77m range (£55.8m). Last week, however, may well put a bit of silt into the company's historically dull stock market image.



Theory bears' picnic

SHRUGGING OFF the stock market lassitude which is often evident during the week of the Thanksgiving holiday in the U.S., the optimistic school of market analysis have wheeled out an old friend. Cash on the Sidelines as a good reason for taking an upbeat view of the near term outlook. The picture is one of mutual funds, pension funds and investment trusts piling up vast amounts of cash behind a dam of inhibition which for one reason or another may start to crumble to the advantage of the stock market.

NEW YORK
JOHN WYLES

probably, investors will be even little more optimistic but the more cautious about succumbing to the infectious belief that next year and if there is one, the interest rates are topping out uncertainty as to how severe it will be and how long it will last will keep cash sitting on the sidelines for a few months yet.

Or perhaps even longer. As little over a year ago, this column encountered for the first time The Dow Theory Bear who, during this heady July to September quarter when stockbrokers travelled to work with a song on their lips, we now learn that mutual fund managers were keeping their heads for that is how they keep their jobs when around them many were at times losing their

Two surveys of mutual funds transaction have established that during these three months the funds were selling more stocks than they were buying so that their aggregate holdings were \$45.7m lower at the end of the quarter than they were at the beginning. This obviously was a very much lower net selling figure than the comparable \$46.9m in the second quarter and \$90m in the first and clearly suggests that mutual fund managers felt unable to sit on their hands during a modest rally.

But their commitment to the market remained cautious because they did not believe that interest rates were near their peak and that a slowing economy will bode well for curbing inflation and maintaining the fragile renaissance of the dollar.

This morning Citibank led the march towards an 11 per cent prime rate which is it must be admitted, progress towards an eventual peak in interest rates. But where is the peak, and how long will it take to plant the U.S. Government has made significant progress on both front, the dollar. To the extent that

Monday 605.61 +7.83
Tuesday 604.05 -1.56
Wednesday 607.00 -2.95
Thursday closed for Thanksgiving
Friday 610.12 -3.12

MARKET HIGHLIGHTS OF THE WEEK

	Price Y'day	Change on Week	1978 High	1978 Low	U.K. INDICES
Ind. Ord. Index	479.9	+ 7.1	535.5	432.4	Tech. rally aided by Ford set'mt.
Exchequer 10% 1983	£89	+ 1	£95.5	£88	Former "cap" attracts demand
Cedar Holdings	24	+ 5	24	5	Bid from Lloyds and Scottish
Clarke (Matthew)	150	+ 10	168	114	Speculative bid hopes
Courtaulds	121	+ 9	131	109	Pleasing interim results
Cullen's Scores	146	+ 9	153	73	Revived speculative demand
Elliott Gp. of P'borough	18	+ 3	23	15	Return to profitability
House of Fraser	136	- 10	177	120	Poor third-quarter figures
Metal Box	328	+ 26	384	288	Midway profits and rights issue
Milbury	62	+ 8	62	32	Satisfactory midway results
Myddleton Hotels	295	+ 80	295	180	Ladbrooke 30p per share cash bid
Parker Timber	132	+ 15	132	97	Revived bid speculation
Sabah Timber	45	+ 30	69	214	Bid from Harrison & Crosfield
Scot. and Univ. Invs.	127	+ 7	137	85	Interim results due Thursday
Sirdar	114	+ 8	116	58	Continued bid speculation
Stewart Plastics	182	+ 11	185	108	Speculative demand
Utd. Engineering	74	+ 9	77	26	Acquisition of Link Systems
Wade Potteries	34	+ 7	35	22	Record annual profits
Western Motor	90	- 16	130	48	Lower profits forecast
Westfield Minerals	320	+ 64	335	30	Uranium, oil and gas hopes

Living quarter by quarter

GOOD CHEER from the chairman of base metals producers development of a substitute for lead acid batteries and the to September were £103.3m (£81.5m) and an interim dividend of 14 cents (£8.28p) has been declared. Sir James and Mr. Anderson, however, observed changing its financial year-end that little new production is coming on stream. This factor, strictly comparable with the spread over other metals as April-September period of 1977, well, puts existing base metals producers in a position of some strength and, at the same time, gives shareholders who are prepared to hang on a word of encouragement.

In the case of all metals, existing producers have an advantage over potential new producers since the cost of bringing in new mines is now extremely high when set against current metal prices." Sir James said.

Existing producers have in any case considerable unused capacity. Cominco's 1978 operating rate is between 75 per cent and 80 per cent, and it is clearly cheaper to build up to maximum production and expand an existing operation rather than invest in completely new ventures.

But base metals producers are not the only companies with unused capacity. Rustenburg Platinum, the world's largest producer, reduced capacity at its South African mines by 20 per cent at the end of 1977. Part of this has been re-instated and now demand has built up to the extent that the company can go ahead with an £11m (£8.38m) scheme of further development.

The annual report, published this week, explained how contracts had been signed with the U.S. motor industry in 1972. These contracts required Rustenburg to make available certain amounts of platinum each year. So far the maximum entitlements have not been used.

But during 1979 these demands are expected to approach and indeed may reach the full entitlement," the Rustenburg directors said.

There are no plans to expand production for general industrial and jewellery purposes. "A slow growth for zinc usage is expected," he said.

But the two men part company when it comes to lead. "A lot of us in the lead industry are watching the long-term prospects with some concern despite the recent stronger demand and price strength," Mr. Anderson noted. Sir James was "reasonably optimistic," despite the South African mining house.

Net profits in the six months to September were £103.3m (£81.5m) and an interim dividend of 14 cents (£8.28p) has been declared. Sir James and Mr. Anderson, however, observed changing its financial year-end that little new production is coming on stream. This factor, strictly comparable with the spread over other metals as April-September period of 1977, well, puts existing base metals producers in a position of some strength and, at the same time, gives shareholders who are prepared to hang on a word of encouragement.

If the net income is average out, then in the most recent half year Anglo was earning at the rate of £17.2m a month. This compares with a monthly average of £16.1m in the 15 months to March, 1978, the group's last full financial period.

But within that 15 months, there were two March quarters and it is in the March quarter that the group's flow of investment revenue is strongest. On September 30, 1978, Anglo's income in the second half of the current year will be higher than the figures it reported this week.

But much depends on the markets. There has been no indication of a downturn in diamonds, but there must be some doubt about revenue from the gold mines in view of the sharp movements in the bullion price since the end of October as the dollar has recovered. And it is by no means certain how the market will react to increased U.S. gold sales.

This week the bullion price has been stabilising around \$200 an ounce, closing yesterday at \$201.62. It is not clear whether the price has now found a trading floor after its sharp fall from \$245.12 at the end of October.

If it has found a floor then this would no doubt suit Anglo very well, because it would maintain prices towards the higher end of the range that obtained between April and September.

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Figures include low-grade material. * Not yet available. Outputs are shown in metric tonnes of tin concentrates.

TIN OUTPUTS COMPARED

	Oct. 1978	Sept. 1978	Total to date (months)	Same period previous year tonnes
Amal. of Nigeria (tin)	9	162	858	(6)
Amal. of Nigeria (columbite)	9	176	(6)	104
Aokam	129	120	456	(3)
Ayer Itam	201	125	1,125	595
Bentanak	217	374	2,243	(6)
Bischi Jantar (tin)	9	4	251	(3)
Bischi Jantar (columbite)	9	26	251	243
Sri Trinam	811	83	1,166	(9)
Ex Lands Nigeria	9	211	(8)	208
Geevor	86	88	613	(7)
Gold and Base (tin)	9	26	229	(9)
Gold and Base (columbite)	9	11	4	5
Gopeng	183	162	1,651	(1)
Kauanung	15	182	1,771	(1)
Kent (FMS)	23	21	256	(7)
Killinghall	22	167	55	(1)
Kinta Kelas	25	25	247	(7)
Loem Kampar	20	26	162	121
Pahang	286	211	1,107	(4)
Pengkalan	138	127	281	(4)
Petaling	1	71	5	(1)
Rahman	131	121	1,464	(12)
St. Piran—Far East	25	34	182	(7)
St. Piran—UK (South Crofty)	200	208	1,283	(2)
Southern Thailand	98	124	1,251	1,340
Southern Kliau	145	150	978	900
Southern Malayan	210	196	776	721
Sungei Besi	221	174	1,247	(7)
Tanjong	12	6	157	(5)
Tongkai Harbour	38	42		

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SHARE	INTEREST	CENTENARY BONUS*
Current shares	8.25%	8.50% - 12.69%
Capital shares	8.75%	9.00% - 13.43%
Building shares	9.00%	9.25% - 13.81%
Building shares	9.25%	9.50% - 14.18%
Building shares	9.50%	9.75% - 14.55%
Building shares	8.75%	9.00% - 13.43%

* The new interest rates will be effective 1st Dec.

NEW ISSUE We are also pleased to announce the re-introduction of our shares at three months' notice of withdrawal.

London Goldhawk Building Society has decided that holders of our shares shown above will be entitled to withdraw them at three months' notice of withdrawal throughout 1979.

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Fill in the coupon and send it now. To: Gartmore Fund Managers Ltd., 2 St. Mary Axe, London EC3A 8EP. Ref. No. 1075. Ref. address: 1. We should like to buy Gartmore High Income Units to the value of £100,000 at the offer price ruling on the day you receive this application.

1. We enclose a remittance, payable to Gartmore Fund Managers Ltd. For your guidance the offer price of Gartmore High Income Units on 23rd Nov. 1978 was 6.59p.

1. We enclose a cheque for £100.00. Please pay into my account at the following bank: _____ Branch: _____ Account No. _____

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YOUR SAVINGS AND INVESTMENTS 1

JPI, in life

Some savings plans are so good they cannot be advertised.

Eric Short shows how you can get 15 per cent net on regular savings plans.

The Royal road to faster saving

ONE OF THE best returns available to most regular savers is now provided by building society linked life policies. At current interest rates some of these schemes are now promising returns of up to 15 per cent a year over four years: yet very few investors appreciate the advantages of combining life insurance with building society savings.

The idea is that the investor takes out a 10-year life policy paying monthly premiums. The insurance company takes a small percentage of his expenses and the cost of life cover and the rest is invested in a special building society account.

The key to the phenomenal return you are promised is these schemes qualify for the usual life insurance tax relief—18 per cent at the moment and 17½ per cent from next April.

When the investor wants his money, he simply cashes in the amount accumulated in his account. Provided he runs the policy for at least four years there are no penalties for cashing in. But proceeds from policies cashed in earlier will be subject to "clawback" of the tax relief element. The building society may also make deductions to cover expenses.

The table shows the latest

BUILDING SOCIETY PLAN v ENDOWMENT

Returns for a man aged 30 investing £10 a month (before tax relief)

Term years	Building society plan		10-year with-profits endowment	
	Net premiums £	Cash-in value £	Net %	Cash-in value £
1	100.2	100	—	—
2	280.4	214	—	157
3	300.6	340	—	277
4	400.8	536	15.2	414
5	501.0	700	13.8	560
6	601.2	877	12.8	729
7	701.4	1,069	12.1	911
8	801.6	1,277	11.6	1,116
9	901.8	1,502	11.2	1,339
10	1,002.0	1,788	11.3	1,405
On current returns.				

expected returns from Royal shows the return you would get if Insurance's plan linked to the from Royal's standard 10-year Cheshire Building Society, with-profits policy on the basis which has just raised the of present bonus rates and sur-interest rates it pays to policy-holders. Somewhat surprisingly, you get the best yield if you cash in after just four years, the earliest you can wind up the policy without clawback problems. The explanation is that your profit from tax relief is diluted the longer the policy runs after the clawback period.

But if interest rates drop, the building society yield would also

Royal's headquarters: interest rates reaching for the sky.

drop, whereas the bonus rates on the ordinary policy should stand up well. That is the risk the building society investor has to take.

The table is based on tax relief at 16½ per cent. The higher tax relief from next year will enhance further the attractions of the building society plan. So why are these plans not actively marketed? The life companies tend to leave it to the building societies to keep expenses to a minimum and the percentage invested as high as possible. The building societies claim their branch managers push these plans with varying success. But it is noticeable the high returns are hardly advertised. The explanation for the circumspection may be that similar plans, which were actively marketed in the early 1970s over two-year investment periods, were the primary cause of the introduction of clawback in the first place. And the fear is that if the idea is too successful, the clawback period could be extended.

Equitable Life, linked with Bristol and West, has no such qualms and uses these policies in its school fees planning service for clients. This is an ideal use for such policies.

Middlemen take cut

IS IT RIGHT that solicitors, accountants, insurance brokers and other professional people should be paid a commission when they place a client's money or make it more difficult for them to quote keen terms to the public?

Several societies now pay up to 11 per cent commission to agents who in many cases do

OPINION

little more than fill out a few forms. For a deposit of £10,000 a fairly typical figure these days—that works out at £150.

The major societies, whose

generally modest commissions

are shown in the table, blame growth-hungry middle rank

societies for rocking the boat.

Medium-sized societies are

accused not only of bidding up

commission rates but of being

free-and-easy about whom they

pay. The majors generally—and

the Halifax and Leeds in par-

ticular—emphasise that they

restrict their commissions to

agents who have signed con-

tracts and are in many cases

providing sub-branch facilities.

Some other societies, it is sug-

gested, pay commission even to

people who have no prior

arrangement.

The Building Societies Asso-

ciation is now trying to get the

top 20 societies to agree to pay

no more than a maximum of

1 per cent commission from next

January.

Considering that BSA mem-

bers with a few minor exceptions

agree not to compete with each

other on interest rates—which

are the one area where healthy

competition might benefit savers and borrowers

in the case for competing with

each other on such peripherals

as EAMONN FINGLETON

With the building societies

fixing both their lending and

borrowing rates as a cartel, the

danger is that the cost of com-

missions will tend merely to add

pressure for wider operating

margins.

There is a strong case for the societies abolishing commissions altogether. The case for investing short to medium term in a building society is usually so clear-cut for the average tax-payer that most of the deposits the movement currently pays commission on would come to it anyway.

AGENTS' COMMISSION FOR EVERY £100 DEPOSIT

Halifax £1 (approx.)

Abbey National 85p

Nationwide £1

Leeds £1.25

Woolwich £1

There is a special reason for believing that societies' payments should be reviewed in the case of solicitors, especially those who do not provide a sub-branch service. Under Law Society rules, every solicitor should declare significant commission receipts to his clients and give credit for them in the fees he charges. In effect solicitors should not profit personally from such receipts. To avoid the danger that in a few cases the benefit might not be passed on, ought not the societies to give the clients credit direct in extra interest payments or at least draw attention to the existence of the commission in a note in the passbook?

THE M&G GROUP

OFFER TO INVESTORS WITH SHARES WORTH £2,500 OR MORE

Send for details of the M&G Share Exchange Plan by completing the coupon below.

66 ... and the outstanding members of the group are based for 41 M&G which had 70 in the top 100 firms in the FTSE 100 in the top 25 firms in the FTSE 100. 99

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For full details of how M&G can help you meet the cost of your child's education, please complete the coupon below.

To: M&G Group, Three Quays, Tower Hill, London EC3R 6BQ. Telephone: 01 626 4588. Please send me the M&G booklet on School Fee Bonds.

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SURNAME

ADDRESS

POST CODE

NOT APPLICABLE

SF 53118

THE M&G GROUP

Passport to cheaper motoring

INSURANCE

TIMOTHY DICKSON

YOU CAN make a hefty dent in your car insurance bill if you can prove you are a skilful driver.

Several insurance companies and syndicates now recognise that if you have passed the Advanced Driving Test you are a good risk and will quote you lower premium rates. The discount can often be worth between 5 and 25 per cent of the full "top-line" premium (the figure on which no claims bonuses are calculated). With insurance rates shooting up, by 15 per cent this year and a further 20 per cent expected in 1979, that can be worth having.

Brokers are cautious about naming insurers which provide such discounts because your entitlement depends on many variables. An insurer which gives some motorists credit for passing the test may not give you any extra discount if you



are already getting a very keen for "trained" applicants and rate because of your job, age and no claims bonuses. On the other hand, your certificate may count in your favour if your insurer loads against you because it does not like the type of car you drive.

The test is run by the Institute of Advanced Motorists, a registered charity with 90 test centres around Britain.

It costs £2.30 and membership of the institute (the passport) is £23 a year.

Through one of its 100 local groups the Institute provides

free tuition to would-be advanced motorists.

The pass rate is 87 per cent.

Invest in the top performing gilt-based fund and obtain 12.2% p.a. current gross yield

Since its launch in February 1974, the Lloyd's Life Option 5 High Yield Fund has been the top performing fund of its kind, according to statistics in Money Management Magazine, October 1978. The offer price has increased by 63% and the current gross yield of 12.2% is more than enough to cover a 5% per annum cash withdrawal (after tax and charges).

The preferential tax treatment of life assurance bonds allows even 98% tax payers to withdraw 5% of their original investment, free of any immediate liability to tax, each year for a period of twenty years. Lloyd's Life considers the Option 5 High Yield Bond to be ideal for any investor who requires these tax deferred withdrawals.

Lloyd's Life

The Company formed by Lloyd's of London, the world famous insurance institution

If you have £1,000 or more available for investment and would like details of the Option 5 High Yield Fund, send the coupon for

Lloyd's Life Assurance Limited
20 Clifton Street, London EC2A 4HX
Telephone: 01-247 7699

Name

Address

Telephone Number - Home

Work

Name of Insurance Broker (if any)

10%
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Age at death
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YOUR SAVINGS AND INVESTMENTS II

Waiting for Wall Street

AFTER Aterrifying tumble last month, American shares seem to have found their feet again — for the moment at least.

The panic that took the Dow-Jones Index from its high of 107 in September to 785 last week is a warning of the risk involved in investing in a country with major economic problems which still have to be sorted out. But the investor who tries to wait for the perfect moment usually waits too long.

There are plenty of reasons for being wary of Wall Street in the short-term. America's inflation is still not under control.

UNIT TRUSTS

EAMONN FINGLETON

...and while it remains a problem there is always the fear that a savage new depression is just round the corner.

One of the technical nightmares for analysts is that too many shares are financed on borrowed money: a mountain of "margin debt" money borrowed by share speculators, is still towering over the market.

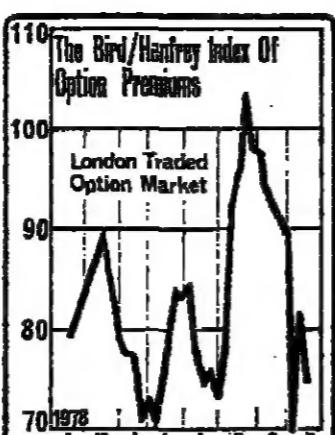
The case for Wall Street now is that the price you are paying for underlying assets is near the lowest you could have paid anytime this decade. The typical price-earning ratio is only 8.

One of the most successful unit trusts in the field is M and G American, which is 80 per cent invested through dollar funds. Accumulation units were selling yesterday at 49.2p. An investment trust to look at is Edinburgh American, which is about 60 per cent in American shares. Its share price is 110p, which represents a discount of 20 per cent on assets.

Opting to hedge your bets

INVESTMENT

JAMES BARTHOLOMEW



THE TRADED option market has been miserable since the Inland Revenue confirmed two months ago that certain dealings by pension funds would be liable to tax. Unlike the rest of us, pension funds are not used to the idea of paying tax. They withdrew their custom. The result is that last Monday, turnover reached an all time low of 190 contracts in a day.

The tax treatment of individuals is much harsher than that of pension funds. But even for the private investor there are certain dealing strategies which do not fall foul of unreasonable taxation.

The major tax problem is that if you make a gain from buying and selling a traded option you will probably have to pay capital gains tax on a larger amount than you have actually made. This is because the Inland Revenue deprecate the option on a "straight-line" basis over its life. It is the depreciated value at the time you sell the option that will be used in calculating your "gain".

In the Revenue's eyes the "cost" of an option sold towards the end of its life will be negligible and you may sell it for what is regarded as profit whereas it is in reality a loss. Hence you can face tax on a loss.

The most attractive strategy for a private investor is to sell to someone else an option to buy shares which you hold. According to W. I. Carr, the stockbroking firm which charts option values, the premiums paid for most options are higher than in theory they should be. The graph (above) shows the progress of the market since it

started in April. When the index is over 70, options are higher than Carr's computer says they are worth — so it has been more sense to sell options than to buy them. The index is named after the two analysts at Carr's who devised it.

If you want to make money out of "covered" options — that is options you sell granting someone the right to buy shares in your portfolio — it is best to make the exercise price either to-day's share price or higher.

One. Say you have shares in BP standing at 914p. For 41p you could sell someone the right to your shares at 950p anytime up to next April.

This strategy would make sense if you want to hold on to the shares but do not expect them to perform brilliantly over the next five months. It is a way of making money out of a dull market.

Unlike other uses of options, this strategy is highly conservative and actually reduces your risk. If BP suddenly fell 100p, you would have 41p compensation. But, by the same token, if the shares rocketed, you would miss out on the fun.

From a tax point of view the strategy is usually trouble-free. As long as you let the option expire or allow the shares to be

called away, you will only be liable to capital gains tax in a way that everybody would agree was fair.

A variation on this strategy is a "bear spread." Still expecting the shares to be stable or fall, you again write an option at today's share price or above it. But this time you do not own the underlying shares. Instead you buy an option to buy the shares at a higher exercise price on the same date. This means that if your neutral/bearish view is confirmed and the shares rush up, you are protected against a large loss.

The tax on this transaction is less fair. The money spent on the protecting option will normally not be allowable. But this option should be inexpensive so the tax loss foregone will not be great.

With both these strategies, the investor has little flexibility. The only way most private investors can gain room for manoeuvre is actively to buy and sell "out of the money" long dated options — that is options where the exercise price is above the current share price. If these are held for only a few months then the effect of the wasting asset tax treatment is not severe.

You may feel that traded options are complicated enough without having to consider tax implications at every turn. In which case it is possible to cut the Gordian knot and ask the tax inspector to treat you as a dealer and any profit you make will be treated as income. Otherwise one can set up a dealing company. But for most people this sort of drastic action is not worthwhile.

In any case there is some reason to hope that the next Finance Act will change these laws anyway. Tax inspectors do not like the current complexities any more than the rest of us.

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called away, you will only be liable to capital gains tax in a way that everybody would agree was fair.

The basis of the Inland Revenue's new attitude is that dealing in Krugers is "an adventure in the nature of trade" and therefore should be taxed as self-employed earnings.

Deloitte's adds: "The Revenue contends that the coins are not the sort that numismatists collect and they have been put into a view to realising a profit."

Deloitte's experience has been reflected at the Gresham-Grant stockbroking firm, Gresham-Tatham Morris says: "Some of our clients have had trouble with the tax inspector immediately responsible for their affairs but, where they have challenged the ruling, it has usually been reversed at a higher level. Our advice is

not to treat gains as income."

It seems that any money not claimed goes not to boost pay-

ments to other policyholders but to the Government.

The latest financial statement reveals that the Department of Trade has been paid nearly £400,000 in fees and the Inland Revenue over £200,000 in taxes.

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This strategy would make sense if you want to hold on to the shares but do not expect them to perform brilliantly over the next five months. It is a way of making money out of a dull market.

Unlike other uses of options, this strategy is highly conservative and actually reduces your risk. If BP suddenly fell 100p, you would have 41p compensation. But, by the same token, if the shares rocketed, you would miss out on the fun.

From a tax point of view the strategy is usually trouble-free.

As long as you let the option expire or allow the shares to be

called away, you will only be liable to capital gains tax in a way that everybody would agree was fair.

The basis of the Inland Revenue's new attitude is that dealing in Krugers is "an adventure in the nature of trade" and therefore should be taxed as self-employed earnings.

Deloitte's adds: "The Revenue contends that the coins are not the sort that numismatists collect and they have been put into a view to realising a profit."

Deloitte's experience has been reflected at the Gresham-Grant stockbroking firm, Gresham-Tatham Morris says: "Some of our clients have had trouble with the tax inspector immediately responsible for their affairs but, where they have challenged the ruling, it has usually been reversed at a higher level. Our advice is

not to treat gains as income."

It seems that any money not claimed goes not to boost pay-

ments to other policyholders but to the Government.

The latest financial statement reveals that the Department of Trade has been paid nearly £400,000 in fees and the Inland Revenue over £200,000 in taxes.

THE most attractive strategy for a private investor is to sell to someone else an option to buy shares which you hold. According to W. I. Carr, the stockbroking firm which charts option values, the premiums paid for most options are higher than in theory they should be. The graph (above) shows the progress of the market since it

started in April. When the index is over 70, options are higher than Carr's computer says they are worth — so it has been more sense to sell options than to buy them. The index is named after the two analysts at Carr's who devised it.

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One. Say you have shares in

PROPERTY

The gain and the pain

BY JOE RENNISON

HOW BADLY have we been hit with which they are concerned first time buyer. Offset against the rise in prices over the past year? If Fox and Sons of the southern part of England are to be believed, harder than cent approximately. "These increases do not appear to have qualified to make such an significantly diminished demand, assessment as they are one of and all the new developments the largest agents in the country and operate in the south and west. Their office report on the situation as follows:

Demand for residential property at all levels in the Bournemouth/Poole/Christchurch and surrounding areas has remained strong throughout 1978. In the early part of the year, the number of properties available on the market became as low, if not lower, than at during the property boom of 1972-73. In line with the rest of the country, the area has experienced a substantial increase in property prices. The upward surge eased towards the end of spring, but renewed itself in the later summer months. It is probable that pressures are now easing again, but it is too early to have concrete evidence. Their records show that new developments

First-time buyer

While they think that the rise in the building society lending rate to 11 per cent must affect the residential market over the next few months, they do not agree with the opinions immediately expressed by some politicians and members of the property profession as to the extent of difficulty it will create for the

first time buyer. Offset against the gross repayment increase must be considered the following: tax relief or the alternative benefit of option mortgages, reduction of the rate of increase in property prices and increases in mortgage funds reducing borrowing time, and perhaps extension of the maximum borrowing limits.

The effect of this market has been to create considerable demand for land with planning approval for residential development. There is plenty of evidence to show that prices now being paid are up to 50 per cent higher than a year ago.

First-time buyer

Assessing the above factors, they anticipate that during the next few months, the increases in property prices will reduce to a level more in line with inflation, but demand should

remain strong enough to ensure that there is no property slump. Developers should be able to sell without any great difficulty, but it is possible that increasing construction and finance costs could in time make the current prices being paid for some land appear dear.

Beyond this, they find it difficult to make any relevant estimate. Property prices are closely influenced by the economy of the country and governmental actions. At a time when there are so many contrary and volatile elements in both, forecasts for the future become merely guesswork.

The Brighton branch of the business has seen a similar pattern in the market.

Owing to a greater relaxation on the money market and the availability of mortgage funds, they saw a considerable increase in property prices in the early part of 1978 and it became extremely difficult to assess

the apparent determination of the present Government to ensure that the rise in real incomes will be severely constrained during the coming

months. It is probable that pressures are now easing again, but it is too early to have concrete evidence. Their records

show that new developments

20 per cent according to the type of property.

A point to be remembered when discussing this present area is the lack of building land available and this has caused in the south east, a critical situation for new developments and has forced builders and

companies to pay excessive prices for land. However, this mini boom only continued for a matter of months as the mortgage funds became more difficult to obtain and prices reached a plateau during the middle of the year but the higher-priced properties have been able to hold their own owing to the continual influx of foreign buyers, in particular Middle Eastern gentlemen.

It is now expected with the increase in base rate and mortgage rates that this will bring about greater levelling of the situation and more negotiations with property prices, rather than it being too one-sided.

In Shoreham on an estate

started some 8 years ago, a small

Regency style three-bedroom

house sold at £16,000/£16,000

in early 1978. Today, the price is between £20,000/£24,000.

The biggest leap in prices has

been in this £15,000/£20,000

range while over the same

period semi-detached houses

selling for £21,000/£22,000 are

varied widely from 5 per cent to

now £26,000/£27,000.



Queen Anne and Georgian period houses in rural settings are always in great demand and the Northampton Office of Jackson-Stops and Staff believe that Danvers House, Colworth, will be no exception to the rule. The house, which is built principally of Northamptonshire ironstone with a tiled roof dates mainly from the reign of Queen Anne. It has many delightful period features including beautifully proportioned sash windows with internal window shutters in all the principal rooms. The accommodation which

requires some modernisation comprises: reception hall, three reception rooms, cloakroom, kitchen, five bedrooms, two bathrooms, staff accommodation. Outside there are three garages, nine looseboxes, a "summerhouse" and a pleasant garden to the south of the house. There are gardens and grounds of about 2.5 acres in all and a further 4 acres can be made available if required. The agents expect considerable interest in the property and are looking for offers of over £45,000.

Cabbage plots

COOKERY

PHILIPPA DAVENPORT

Raw Chinese-leaved cabbages can make very good salads—but not on their own, in my opinion. I have tried many combinations and my undoubted favourite consists of Chinese leaves, watercress and avocado. I allow three bunches of watercress, two large avocado pears and a few salad onions for every half pound or so of finely shredded Chinese leaves. Coat the mixture with an oil and lemon dressing.

But it is in cooking that the full pleasures of Chinese leaves become evident. Like all brassicas, Chinese leaves have a very high water content and to boil them is a smothering, in my view, brief blanching. Yes, but thoroughly dry the leaves after washing. Steaming is better, and cooking in fat is better still.

Stripping is the quickest of all methods and gives the most delicious results. Boiling is also excellent.

Here are two recipes of which I am particularly fond. For lots more delectable ideas I cannot recommend too strongly Jane Grigson's "Vegetable Book" (just published by Michael Joseph at £10). This is quite the most inspiring and the most beautiful cooking book I have ever seen. This delectable vegetable, and being Mrs. Grigson's work, I urge you to now. It is a very it is of course far more than superior cabbage.

Just a cookery book.

CHINESE LEAVES WITH WALNUTS

Serves 4

This makes an admirable first course dish in its own right, or coarsely. Blend the cornflour to a paste with a little of the Chinese leaves as they are sometimes called, are now a familiar sight in greengrocers and supermarkets—and a most attractive one. The first time I saw them I thought they were a gaintuan variety of chicory. The heads are long, tightly packed and very heavy: the thick juicy

stems are like fingers, running the length of the crinkly pale green leaves and clasping them tightly together. There is none of the usual brassica wastage.

Although the bulk of the book is devoted to detailed descriptions of species, varieties and hybrids there is much other useful information including a section on growing magnolias; another on their cytology and a key to the subgenera and sections of magnolia by the late J. E. Dandy who was keeper of the brassica family. "Chinese leaves keep for at least a week if stored in the vegetable compartment of a 'fridge' (wrap them up in a polythene bag first or flavour will be lost).

Despite all these praiseworthy features, Chinese leaves remain untried in many households. Perhaps this is partly because we over-conservative British are slow to accept new foods, particularly those we have not sampled on "holiday" abroad. Perhaps it is partly because cabbage is not notably associated with the best of British cooking. Or is it because Chinese cabbage was first introduced as "a winter salad vegetable" and we envisaged it as some sort of peppery coleslaw ingredient? Whatever the reasons, if you have not yet cooked this delectable vegetable, and being Mrs. Grigson's work, I urge you to now. It is a very it is of course far more than superior cabbage.

CHINESE LEAVES WITH WALNUTS

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cabbage. Chop the walnuts in their own right, or coarsely. Blend the cornflour to a paste with a little of the Chinese leaves as they are sometimes called, are now a familiar sight in greengrocers and supermarkets—and a most attractive one. The first time I saw them I thought they were a gaintuan variety of chicory. The heads are long, tightly packed and very heavy: the thick juicy

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ANYONE who thinks that primitive things are, by definition, inferior things should consider the magnolias. They are among the earliest of flowering trees to evolve, first appearing something like a hundred million years ago when dinosaurs roamed the world and flowers had not yet learned to differentiate between petals and sepals. So botanists had to invent a new name for their flora parts and called them magnolias.

Those often massive blooms, and indeed the whole character of the magnolia family, has remained virtually unchanged although oddly, this is not a family that seems ever to have "jelied" into species as distinct and clearly definable as those of many plants that have existed for a much shorter time. This indecision has given botanists a lot of fun and caused gardeners a good deal of puzzlement as they have watched the classification of the genus change with consequent confusion in nomenclature.

But these are minor annoyances which detract not at all from the marvellous beauty of the best magnolias. They have also made amends by proving extremely tolerant of our techniques.

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The primitive, but lovely

GARDENING

ARTHUR HELLIER

transplant if they are lifted from open nursery beds. It also makes them vulnerable to cultivation which perhaps explains why such good trees are often to be seen in rather neglected gardens where the soil has probably never been dug since the magnolias were originally planted.

Fortunately there are other magnolias that are not so tender. *Magnolia stellata*, for example, which can be in bloom within a year of planting. lovely *M. denudata* with large white tulip-like flowers. *M. liliiflora* with petals the colour of ripe Victoria plums and the many excellent forms of *M. soulangeana* a hybrid made by crossing *M. denudata* with *M. liliiflora*.

Some kinds also take a rather leisurely view of life. After all, when your kind have been around for a hundred million years and are still doing fine despite all the new fangled competition why should you be in a hurry to produce flowers, seeds and a new generation? So

for some of the big tree magnolias such as *Magnolia campbellii* and *M. sprengeri* there, the well-named Goddess Magnolia, there are also summer flower

types which may have to wait 20 years for

blooms. For example, *M. denudata* is

available in a white form.

These are the best magnolias for general planting and they are also the most freely available, except for *M. denudata* which has become sadly scarce, a white form of *M. soulangiana* usually being supplied in its place.

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HOW TO SPEND IT

Armchair shopping

FOR THOSE who can't face the traffic, the crowds, the over-heated stores, the jostling and pushing that seems an inevitable part of the Christmas shopping scene, this week's page is almost entirely devoted to ways and means of shopping by post. Anybody who has an account at a big store like Harrods or Simpsons will by now already have received their glossy catalogues, and probably still be drooling over their enticing, if astonishingly priced, wares.

There seemed little point, therefore, in drawing the catalogues of the stores to your attention so, instead, I have concentrated on some of the lesser-known stores that run mail order businesses on a smaller, but not necessarily less beguiling, scale.

Each year I mention HALCYON DAYS of 14, Brook Street, London W1 for the very good reason that although every-

thing it sells has a definite taste and style behind it, nonetheless there is every year something new. There is always a special Christmas enamelled box and this year's version is a Regency Street scene of a family arriving with presents on Christmas Eve. It costs £15.50; but for the full range of small, exquisite delights, both old and new, send off for the catalogue. JUST GINGHAM at 44 Pimlico Road, London SW1 specialises in—you've guessed it—gingham. They use gingham in sixteen different colours, so there ought to be something to match almost any room; and there is a complete range of bed-linen all trimmed with gingham—sheets, pillowcases, duvet covers, bedspreads, valances and blanket covers. Prices start at £2.95 for a pillowcase, a single sheet is £2.25, a duvet cover is £18.50, while bedspreads are £25.50 for single size, £29.95 for double.

THE ORMEAU BAKERY, 307 Ormeau Road, Belfast, is a good source of traditional Christmas food like plum cakes, Irish fruit cakes, Christmas puddings and the like. They have a clear leaflet from which you can order easily and, having dealt with them personally for years, I know they are very reliable and post to all parts of the world. Please order by 10th December.

Presents with presence

PARROTS, of 56, Fulham Road, London SW3, is one of my favourite present shops and luckily for those who live out of London it has a very full, glossy illustrated catalogue. There are presents for the rich and square, the rich and trendy, but there are also masses of the small, amusing presents that are often so hard to track down. I particularly like their Pierrot dishes and ashtrays, their exquisite bedroom cushions covered in finest Swiss lams and their dotty pottery.

The lazy or very busy will like to know that Parrots will make up stocking selections for you. There is a lovely felt stocking, monogrammed with the initial of your choice which costs £2.80. You can buy it on its own or have it filled with presents of your own choice (or America). Alternatively they painted enamelled milk churn you pay for the presents of course, but for extra charge of £5.50, each one can be gift wrapped and the whole filled (£12.50, £18.00 or £25.00). They well.

or America). Alternatively they painted enamelled milk churn will fill the stocking for you if makes a splendid vase at £28 you just give them age, sex, with initials alone or for £38 interests and price bracket they will paint on flowers as £12.50, £18.00 or £25.00). They well.

Parrots have to charge for stocking sent to anywhere in the UK (highest charge for Europe initialised items and this-hand-



Tate tote

series—the Tate. For a small, but exceedingly useful present, there's a tough tote bag made from red duck with strong handles, a gusset and a stiffened base. Both sides are printed with names of artists represented in the Tate. The bag is £2.50 plus 50p p+p. Write to: The Friends of the Tate Gallery, Tate Gallery, Millbank, London, SW1. Or what about membership of Friends of the Tate? For £30.00 per year this entitles members to all kinds of special privileges like free entry to all exhibitions, opportunities to attend lectures, private views to join in, visits abroad and so on.

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Quality durable pens. All silver metal tops, plunger, pocket-clip and writing tip. Four pens (2 blue, 1 black, 1 red ink). Each pen personally named in permanent silver leaf (same name). In attractive pocket wallet. Inclusive of post, packing, VAT. No risk, full refund assurance. Useful long-lasting Xmas gift for all age groups.

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NOTE: Refills are the 'universal size' available world-wide. Do not delay—send your order now for very soonest despatch.

HOW TO ORDER: Complete the Order Form in block letters. Only one Christian name (or initials) and surname, each set. If more than ten different sets are required, use a separate sheet of paper for the additional sets, and send together with Order Form and correct remittance, made payable to: NAMED GIFTS LTD.

20 CHURCHFIELD ROAD, LONDON W3 6BD. Allow 10 days for delivery.

ORDER FORM P12

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1	6
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3	8
4	9
5	10
Total number of sets. (at £2.00 per set complete)	
I enclose Cheque/PO/Cash £	
If undelivered return to NAMED GIFTS LTD 20 CHURCHFIELD RD LONDON W3 6BD.	
Name _____	
Address _____	

Reg. No. 1139337

Evergreens

BASICALLY ALL I was in Bambi to come bouncing out of was the prospect of from between the frosts at any tinsel, pretty lights and mince moment. It was the others who started the argument, and all because of my new plastic forest of alternative Christmas tree.

Five feet tall and £10.50 from the Baumersmith Co-op, it was gold. Across town at Liberty's the last one in the store of that they have gone in for the art size. "We've had a run on droopy frondy variety rather than the spiky Nordic type and Liverpudlian assistant as we for the moment have good struggled in early festive stockings. "But," confided my gatherness to dismantle the Liberty guide, "People seem to have gone mad. I wonder if

She was right, of course. They'll run out of money before Christmas?" With the Liberty trees is, it seems, taking on 4 ft display tree so liberally remarkable proportions.

At covered in splendid sparkling Paperchase, which has the best goodies that a buyer of the lot, looking mock-trees in the including tree, would not get capital, they are eager to show much change from £50 off-magnificent greenery large to my mental arithmetic, I

small, but even there they see what she means.

But back to the argument. The point was that from one side it was stressed that no real person would buy a plastic tree and that the purchase of such a product consigned me to the social dustbin. From the other came the argument that the annual British pine cult in the cause of a basically pagan winter festival was barbaric. Real trees, like real furs, were out. It seems you cannot win. But do pines feel pain?

While you ponder that, I am off back to the Co-op in Hammersmith. My Liver bird may help me choose some mistletoe—artificial, of course.

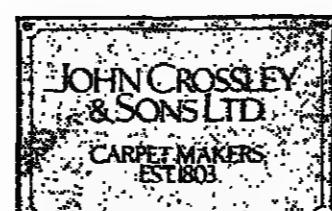
Co-op shops have sold 1,500 trees in the last couple of weeks—so hurry. They range from 4 ft at £6.50 to 7 ft at £22. Heals have three different types of green tree: from a 2 ft Cypress, £2.49 to 7 ft Canadian pine at £36. There are tinsel trees in eight colours from £4.25 to £7.49.

Paperchase, 216 Tottenham Court Road, has trees at 3 ft 4 in, 4 ft 3 in, 6 ft and 7 ft 10 in in various colours ranging in price from £9.35 to £58.65.

Boots Department Stores have large supplies of trees, both green and tinsel. These range from 4 ft 3 in (£2.80) to a 6 ft pine at £16.50. Woolworths also have good stocks including a spruce 6 ft 8 in at £15.99. John Lewis branches have green trees of 4 ft 6 in (£9.50) or 7 ft 8 in (£21) or tinsel in two colours up to 6 ft 6 in at £12.50.

BY ARTHUR SANDLES

FRED ASTAIRE EAT YOUR HEART OUT



A lasting tradition.

JPJ, is it?

Lucia van der Post

Irish charm



IRISH HANDMADE goods often have a lovely quality about them—tweeds in lovely earthy colours, creamy Aran sweaters, fine Irish linens, charming cuddly toys—all these have a distinctive Irish flavour which gives them a charm and individuality that is the hallmark of a good present.

The Irish Shop at 11 Duke Street, London W1 has long been a favourite shop, full of such desirable goods, but until now they have only been accessible either to personal shoppers or to those who knew exactly what to order and how much it cost.

Write to the Irish Shop for the catalogue.

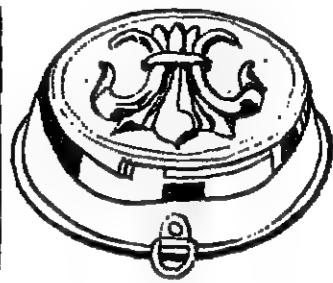


Pretty things

GRAHAM AND GREEN at 2, is a charming travelling set of 4, Elgin Crescent, London, W1, and its sister shop just over the road (and therefore quite sensibly called Over The Road), have produced a charming leaflet which illustrates just some of the marvellous things they have in the two shops.

The marvellous cheese dish with a little mouse sitting on the top is, alas, not postable since it is both heavy and easily breakable. It is 4½ ins high, 8½ ins diameter and costs £3.25. Finally, the Christmas padding candle is 85p and alas, they can't post it.

The shop is full of other desirable presents, including some marvellously heavy paperweights in the shapes of extraordinarily life-like fruits—the lusciously ripe peach at £1.35 is my favourite (alas, it's too heavy to post).



Copper bottomed

I FIRST wrote about the Copper Shop at 48, Neal Street, London, WC2, two years ago when it first opened. Out of London readers will be delighted to know that it now offers a full, clearly illustrated catalogue so that many of its delightful things can be ordered by post. Besides showing the full range of things that can be bought—from beautiful saucers, through to plant troughs, fireside accoutrements, lamps and lanterns, kettles and measuring jugs, the booklet also tells the interested reader how to care for copper, what its virtues are and advises them of their repair and refining service.

The leaflet costs 50p (including p+p) and the jelly-mould illustrated above is £2.50 (p+p).

Charity begins at home

IF YOU like to feel you're helping charity as well as giving presents to friends here is a list of charities that offer catalogues and a full mail order service. Many of them offer much the same sort of items as each other so choose your charity and then send off for their leaflet or catalogue.

British Epilepsy Association, New Wokingham Road, Wokingham, Berks. RG11 3AY. A tiny leaflet with a heavy emphasis on stationery. Last orders by December 8.

British Heart Foundation, colour brochure from Heart Cards, 57, Gloucester Place, London W1H 4DH (Tel: 01-835 0185). A good selection of cards, calendars and other stationery.

Jigsaws, stocking-fitters for children and fathers. Apart from some basic kitchen gadgets, there are some attractive aprons.

Leukaemia Research Fund, Medical Research Charities, Save the Children Fund, York Road, Croxley Green, Rickmansworth, Herts. WD3 4BR. Packed with desirable goodies, there is a patch right up to Christmas.

Help the Aged, PO Box 55, Burton-on-Trent, Staffs. DE14 3IQ. Full colour brochure very attractive. Good range of decorations: sections for Christmas decorations, kitchen gadgets and toys for small trolleys.

Order should be placed by December 8.

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Help the Aged will despatch by Christmas.

There are other stocking almost immediately as Save the Children requires about 28 days

from Pam Richmond, on 01-359 6316. Help the Aged will despatch by Christmas.



Pretty apron (£1.45), tea-cosy (£1.65) and oven mitts (£1.30) in white cotton with red hearts. From the British Heart Foundation.

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Scene Changes

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Trans. by Geoffrey Shattock
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CHRISTMAS BOOKS—1

Haggard's quest

BY C. P. SNOW

H. Rider Haggard by Peter Berresford Ellis, Routledge and Kegan Paul, £7.95, 291 pages

Graham Greene is always strictly honest about his literary influences. He didn't spend his youth devoting himself entirely, or even mainly, to works now considered fashionable. He obtained magic out of distinctly less reputable works—rich among them the novels of Rider Haggard.

In Greene's boyhood, Haggard was one of the most popular writers in the world. In this country, it wouldn't have been easy to find a literate youth who had not read *She* and *King Solomon's Mines*. Are the Haggard books still being taken out in school libraries? Contemporary taste has, of course, been going through another phase. Adventure stories in the exalted romantic manner were in vogue from about 1880 till the 1920s. R. L. Stevenson, who incidentally admired and encouraged Haggard, had shown how good such stories could be. They have been succeeded by a different and more brutish kind of violence, though Haggard wasn't as gentle as all that. It is probable that overt sexuality drives out other expressions of imaginative entertainment.

Haggard had the free-flowing imagination—and fancy—which may be essential to capture a large audience. Actually, his audience was not as large as it would be today. Mr. Ellis tells us that the first printing of one of his novels, when he was at the peak of his fame, was 15,000 or thereabouts.

Such a printing would seem to John Le Carré or Herman Wouk, a joke in the worst possible taste. Haggard, who died in 1928, didn't make anything like the money that a major popular writer would collect nowadays, with far less effort. On the other hand, a



One of Maurice Greiffenhagen's illustrations for 'Ayash: The Return of She' first published in 1904 and now reprinted in a facsimile paperback edition (Dover/Constable, £2.00)

major popular writer nowadays would be most unlikely to be consulted by Prime Ministers and put on Royal Commissions.

Haggard was an interesting man. He had a much more complex and variegated nature than the most of his narrative contemporaries. This biography, which is competent and has a good deal of information, is not

turn-of-the-century literary history. Haggard was not a happy man. He became a chronic depressive. Unlike some depressives, he had plenty to be depressed about. When he was a young man, his father forbade a marriage to a girl he loved. He seems not to have got much joy from his actual marriage. His only son died at the age of ten. He came from a large family of brothers and sisters, but didn't find much honourable, a devoted patriot, a warm or comfort there. Some faintly conservative, much less seem to have resented his success, an elder brother more than his closest friend. He was the son of a Norfolk squire, had wasn't being generous enough with his literary profits. By any normal standard, he was singularly flighty and unscrupulous. Apart from his affectionate and enthusiastic, who was success, a man who prides himself on being the greatest ever escapologist. Surviving dogs, birds, cats, an alcoholic neighbour (human), burst pipes, hot pipes and lead poisoning, he even manages an exhilarating love scene with Ogg, a female hamster. His method of naturalistic pictures, accompanied by Mr. Adams' words, may seem symbolic or otherwise according to age and taste. Most important for children, there is a nice secret book called *Marcel with whom to identify*.

Fat Lina by Arnold Bennett is made desirable by the wonderful work of Latin American designer, Oscar Zarate. These include superb endpaper and cover. The story, about six days aboard an immigrant ship, is more likely to impress adults than children. The hero, whose extreme unfitness, 'short, fat, bulbous nose and his' were thick blubbery and wet' is as essentially good and well-filled with magic as *The Beast*. Unfortunately, he has no Beauty and no transformation. Only strange tales and a touch of 20th-century open-endedness. On the Sixth Day, Fattus says, 'Magie's gone evaporated... Ah well, all things must pass.'

Jim Slater is on to a very different vein with *Goldendog*. His eponymous hero is a little boy with golden hair who is born in India and is totally blind for the first five years of his life. By the time he is cured he has acquired extraordinary hearing, X-ray eyes, and soon afterwards, with the help of a fakir, supernatural strength. All this takes a bit of time to explain, but then we are launched into an exciting story of blizzards and planes. Definitely for in-flight reading.

Nature Day and Night by Richard Adams with gloriously precise illustrations and serious science texts by Max Hooper is an excellent Godparent present. It cannot fail to interest any inquiring child from eight upwards and would be invaluable for the nature 'projects' with which schools like to test parents. Children who refuse to be moved by Richard Adams' lyrical descriptions, 'Almost my earliest memory is of a meadow

in June... can confine themselves to labelling clouds, 'Cumulus, Stratocumulus, Nimbostratus, Cirrus'—almost as lyrical in its own way. The method of naturalistic pictures, accompanied by Mr. Adams' words, may seem symbolic or otherwise according to age and taste. Most important for children, there is a nice secret book called *Marcel with whom to identify*.

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'Cumulus, Stratocum

CHRISTMAS BOOKS—2

Pass the port

BY EDMUND PENNING-ROWSELL

Port by George Robertson, Faber, £5.50, 188 pages**Croft: Journey of Confidence** by Oliver Knox, Collins, £4.50, 140 pages**The Englishman's Wine** by Sarah Bradford, New English Edition, Christie's Wine Publications, £3.75, 160 pages**Port: an Introduction to Its History and Delights** by Wyndham Fletcher, Sotheby Parke Bernet, £6.95, 124 pages**The Complete Book of Spirits and Liqueurs** by Cyril Ray, Cassell, £5.95, 139 pages**Drinking in Vogue** by Henry McNulty, Andre Deutsch, £4.95, 161 pages**The Wines of the Rhône** by John Livingstone-Learmonth and Melvyn Master, Faber, £9.50, 235 pages

Although 1978 is unlikely to be declared a vintage year in Oporto, it is certainly one for books on port. For four have appeared this year, three of them new, one a new edition.

The author of the first was born in Portugal, joined the house of Croft in 1935, and, unlike some writers on port, has spent much of his working life concerned with the production. Consequently here he has been able to write a highly professional account both of the wine and of the trade in Portugal.

After a rather sketchy historical section he continues with a detailed description of the arduous viticulture and wine-

making in the remote, often sizzlingly hot or fiercely cold, upper Douro valley. This he calls "the most difficult and expensive vineyard land in the world"—though the Moselle growers might dispute that. What is extraordinary about port is that, made from an unusually wide range of grape-varieties, a very ordinary table wine is turned into one of the inimitably fine wines of the world. This is partly owing to the official control of production, bottling and marketing, here set out in detail; so that George Robertson's book will be as valuable to those engaged in the business as for those content to consume the finished product in its several forms.

A pendant to this is *Oliver Knox's commemorative volume on the tercentenary of George Robertson's firm, Croft*; and the book consists largely of a series of dialogues between author and the company chairman. Though an unashamed work of publicity for Croft ports—surely administered for a firm that has survived through three centuries and several wars—it describes much more informally than the previous book how port is made up the Douro, matured, and blended in the Vila Nova de Gaia suburb of Oporto, and thence distributed—now all in bottle. Agreeable reading as far as it goes, one wishes he had gone more deeply into the past of a distinguished port house. Oddly enough there is a mention of the fact that for a great part of the last century, the firm and its port was always known as Thompson and Croft.

The other two books I can only

mention. Sarah Bradford's *The Englishman's Wine*, originally published in 1969, has been updated and reissued by Christie's, while their rival, Sotheby's, has countered with *Wyndham Fletcher's Port: an Introduction to its History and Delights*.

As I was asked to write an introduction I think I must confine my comment to saying that it is largely the memoirs of the days of the port trade in London, the former head of Cockburn.

The title of Cyril Ray's latest book is challenging, but if he has omitted any spirituous drinks these are certainly unknown to me. As indeed are the great majority here described clearly, concisely and with an occasional touch of the author's dry wit. Whisky, brandy, vodka, liqueurs, sauvé-de-sé, all are included, in sequences and if I might guess at the author's preferences they may well be cognac and the delicious and here relatively little known unsweetened fruit brandies, the *alcools blanches*. One may wonder not only at the amount of encyclopaedic information collected, but at the prodigious sampling entailed. It must have been at the end of one such session that the mettulously accurate author wrote that the Rhine has its source in Lake Constance. The text is enlivened by attractive production, originating in Holland, Avignon, to explain how each is made and to recommend the best estates and most reputable merchants; and they are not afraid to make critical assessments of both. Certainly an essential work for all seriously interested in Rhône wines.

The generally weighing down this nominally fragile piece of furniture.

Drinking in Vogue covers some of the same ground as Cyril Ray's book, as much as it is devoted to cocktails and mixed drinks and is more recipe-angled. Taken from the magazine, the author's sophisticated generalisations that glide easily over its pages look less convincing on the more durable pages of a book; especially when they deal with wine, about which there are many mis-statements. Ch. Haut-Brion is not classed as Médoc. Ch. Margaux does not produce "Hermitage", let alone Châteauneuf-du-Pape. Brandy should not be served at 66° F., well below the accepted cellar temperature, and port contains more than "a touch of grape brandy"; in fact 25 per cent.The increasingly high price of Côte d'Or burgundies has in recent years turned more attention to the Rhône, where good value may still be found; though they are rising fast enough there too. For these a sound guide has been needed, and *The Wines of the Rhône* by two professional merchants, who lived there for some time, fills a gap on the wine bookshelf. Their on-the-spot experience has enabled them to sort out the varied wines that stretch all the way from south of Vienne to Avignon, to explain how each is made and to recommend the best estates and most reputable merchants; and they are not afraid to make critical assessments of both. Certainly an essential work for all seriously interested in Rhône wines.

Flying high

BY MICHAEL DONNE

Aviation — An Illustrated History, by Christopher Chant, Orbis, £7.95, 220 pages**The U.S. War Machine**, by Dr. James E. Duran Jr. and others, Salamander, £5.95, 271 pages**Soviet Air Power**, by Bill Sweetman and Bill Gunston, Salamander, £5.95, 192 pages**Airships For the Future**, by William J. White, Stirling Publishing, New York, (Oak Tree Press/Ward Lock), £4.95, 160 pages**British Naval Aircraft Since 1912**, by Owen Thetford, Putnam, £9.50, 480 pages**German Aircraft of the Second World War**, by J. R. Smith and Antony Kay, Putnam, £12.50, 745 pages**For Valour: The Air VCs**, by Chas Bowyer, William Kimber, £15.00, 548 pages**A Time to Fly**, by Sir Alan Cobham, Shepherd-Walwyn, £6.50, 214 pages**Raiders: The Halifax and its Flyers**, Geoffrey Jones, William Kimber, £6.50, 240 pages

During the last 75 years, since the Wright Brothers made their first powered, sustained flight in a heavier-than-air machine, the romance, even the glamour, of aviation has attracted many authors and publishers, for such has been the speed of development in aerodynamics that texts and treatises have been often outdated almost as soon as they have been written, while every new generation wants to learn again of the exploits of the pioneers.

This is especially so of Christopher Chant's *Aviation: An Illustrated History*, 200 pages of absorbing detail from the days of the earliest pioneers like the Yorkshire baronet Sir George Cayley in the late eighteenth century, through the Wright brothers and on to the very latest developments, such as the American "Space Shuttle". Mr. Chant writes well, and his easily assimilable text is accompanied by a profusion of beautiful photographs which make his book for its price a tour-de-force in aeronautical history.

The last few months in particular have been rich in aviation publishing, with histories, biographies and reference works of all kinds pouring out—and almost invariably they have been of an exceptionally high standard of technical excellence, both in their content and in their production.

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But for inspiration of another kind, the autobiography of Sir

Rutherford has been described as the *Dick Francis* of motor-racing and it is true he captures the atmosphere of the racing circuits, and in this book the glamour of Monte Carlo, but off the track the pace slows.

Yet it will still be compulsive reading for anyone interested in motor-racing who will find Rutherford refreshingly knowledgeable about the sport. And he has invented some delightful names for his fictitious Formula One cars.

Who fancies a drive in a Tom Cotton Special, a Romana or a Self Squire?

Better not, for Rutherford's race tracks are not placed for the faint-hearted. They are littered with crashing, blazing cars and splattered with blood.

A selection of Christmas titles

Faber Books

Farewell the Trumpets
An Imperial Recruit
By James Morris
Illustrated, £9.50Also available: *Par*
Braveheart £5.25 and
Jesus' Command £4.95**Stanley Spencer at War**
By Richard Carline
Illustrated, £9.50**Little Eden**
A Child at War
By Eva Figes, £4.50**Hitch**
The Life and Work of
Alfred Hitchcock
By John Russell Taylor, Illustrated, £6.50**The Tell-Tale Heart**
The life and works of
Edgar Allan Poe
By Julian Symons, £6.95**Benjamin Britten
1913-1976**
Pictures from a Life
By Donald Mitchell and
John Evans, £4.95
Illustrations, mostly
photographs, £15**The Art of Bernard Leach**
Edited by Carol Hogben
Illustrated, £2.50Also available:
Beyond East and West
by Bernard Leach, £8.95**English Engraved Silver 1150-1900**
By Charles Oman
Hard covers £6.95;
Faber Paperbacks £2.95**Night and Day**
Tom Stoppard's play, now
running at the Phoenix
Theatre, £3.95, Faber
Paperbacks £1.95**Magnolias**
By Neil G. Treseder
Illustrated, £2.50**The Self-Sufficient Gardener**
By John Seymour
Illustrated, £6.95**Light on a Honeycomb**
A novel by David Pownall
£4.95**The Finer Arts of Bridge**
By Victor Mollo, £5.50

ART AT AUCTION

The year at Sotheby Parke Bernet 1977-78

Edited by Diana de Froment and Lynn Lewis
The 1977-78 season at Sotheby Parke Bernet has been unusually varied and interesting, crowned by the sale in London of the most valuable private collection of paintings, drawings, furniture and works of art ever come up for auction; that of Baron Robert von Hirsch.

Art Auction provides a rich source of information on the wide range of material which has passed through Sotheby's salerooms world-wide. All the most important and beautiful items are illustrated, often in colour, and each caption includes the price and place of sale as well as details of the work itself.

In addition, specialists from Europe and America discuss the major items and trends in collecting.

406 pages, about 450 colour and 200 monochrome illustrations, 267mm x 352mm, cloth, £14 (£12.50 before 1st January 1979) plus £1 p & p.

Sotheby Parke Bernet Publications
Russell Chambers, Covent Garden, London WC2E 8AA
Telephone: (01) 240 1091. Telex: 22158

Green signals

BY NICHOLAS OWEN

The Fastest Trains in the World, by G. Freeman Allen, Ian Allan, £6.95, 180 pages**Railways of Asia and the Far East**, by O. S. Nock, A. & C. Black, £8.50, 226 pages**Steam for Pleasure**, by P. B. Whitehouse, J. B. Snell & J. B. Hollingshead, Routledge, London & Kegan Paul, £7.95, 236 pages

A brief report from Japan recently declared that one of the country's famed Bullet Trains had "broken its own record" and reached 215 mph. Its own record was 200 mph; it has now been broken again. This was not the first time that the record has been broken, and if really true, represents an amazing leap forward in railway development.

The early steam engines terrified the air to the coal-and-water way of running trains. Steam for Pleasure is a guide to the all-time steam record of 126 mph on the East Coast Main Line in 1888 is not more fully described (it has been elsewhere) but other heroic rides spring to life through Mr. Allen's account.

Apart from Japan, few trains in the area covered by Mr. Nock's delightful *Railways of Asia and the Far East* come anywhere near the spectacular speeds mentioned above. But all rail speed record, and if really true, represents an amazing leap forward in railway development.

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For those who remain wedded to the coal-and-water way of running trains, Steam for Pleasure is a guide to the all-time steam record of 126 mph on the East Coast Main Line in 1888 is not more fully described (it has been elsewhere) but other heroic rides spring to life through Mr. Allen's account.

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The early steam engines terrified the air to the coal-and-water way of running trains. Steam for Pleasure is a guide to the all-time steam record

ARTS

In one ear . . .

First impressions of the new wave-lengths. 7.15 am awakened with ordinary listening on both stereo and mono. The challenge of binaural listening is being taken up by several producers of documentary programmes with persuasive results. A binaural series is currently going on in breakfast and out at 10.30 on Monday evenings on Radio 4. It is *The Sacred Grove* in which Leonard Pearcey examines the symbolism and history of the master-images (tree, water, fire) common to all religions.

The location for the programmes is one of the most splendid examples of religious architecture in the whole country, Ely Cathedral. Distant peals of organ music, muffled touristic voices, and echoing ecclesiastical footfalls provide a background to discussions with social historians, anthropologists and psychologists. Certainly the main setting where many of the images discussed may be found in magnified preservation is given great physical presence by the binaural effect, and much of the discussion is a fascinating level of sense of awe comes through; the imagery does though remain primarily visual, and there is a limit to which even the most sophisticated aural reproduction can go in suggesting what really needs to be seen. Even so these programmes are well worth hearing.

Dominic Harrod's programme about the City of London (Radio 3, November 23) directed by John Scottay, showed impressively how the binaural technique, in the care of sound engineer David Greenwood, can recreate a constantly shifting location in most palpable terms. We wandered from Temple Bar to the Tower, from Billingsgate and Smithfield to Finsbury. Hall, hopping on and off at Lloyd's, the Barb, the Stock Exchange and other financial institutions, as well as penetrating some of the City churches in use for both worship and musical activities.

The life of the City as market in many different things, both visible and invisible, was captured in a cunningly constructed pattern of authentic sounds, some cacophonous, the others melodious. Mr. Harrod, formerly economics correspondent at the BBC did not himself sneak in the programme. If there was a narrator it was a Liverpudlian operator plying his trade along the Thames and betraying information about the various buildings and their functions. The cast of the material came from a vast range of people who work in the City, from the governors of the Bank of England to a policeman on security duty in Smithfield and a cage keeper on duty in a City Hall. It made no wonder if there is any trace of a smile such varied settings as much diversity of function.

RADIO

ANTHONY CURTIS



John Rawnsley, Eileen Hannan, Robert Ferguson and John Tranter

La Bohème at Leeds

After the opening productions, all of works outside the dead centre of the operatic repertory, the new English Opera North settles down to the task of presenting the popular *La Bohème*, which opened on Thursday, 14 November, in production by Steven Pinnell in old salts. Marguerite, Havas's well-remembered designs for the 1966 Sadler's Wells are an asset still in the Grand Theatre stage. They remain attractive, practical and traditional in the way that serve the opera best (as comparison with the recent, dubiously innovative *Bohème* production of the nearest company down south only underlines). The scenes all look trim, clean, down-to-earth at the tollgate dressed, respectively in their Sunday finery. But that is a fault on the night. The music is not a study in Zola-esque realism; the touch of story-book prettiness does it no harm.

In almost every way, the evening was gratifyingly successful. In this he is supported at every ful. Indeed, short of inviting moment by David Lloyd-Jones, Cotrubas and Carreras up to I have seldom admired Mr. Lloyd-Jones's conducting more. revival, I don't see how any young company could hope to do it better. Youthful exuberance infects the stage; the tone is sociable, robust, absolutely natural. This is not, though, one of those *Bohèmes* in which

OPERA
MAX LOPPERT

everyone on stage seems to be having and being such tremendous fun that the romance and sentiment go absent. Mr. Pinnell has a precise, rhythmic, touch and controlled understanding of what matters in the opera.

In this he is supported at every

Menwell Davies premiere

The Royal Opera House, in association with The Friends of Covent Garden will present the English premiere of Peter Menwell Davies' confident opera, *The Fiddlers* on December 2, at 7.30 pm at the Jeannetts Gaillard Theatre, 130, Gloucester Road, W11. The opera will be produced by Richard Cresson and conducted by

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telex: Finantime, London PS4. Telex: 886341/2, 886387
Telephone: 01-248 8000

Saturday November 25 1978

Virtuous circles

THE PUBLICATION of the underlying reassurance Government's Green Paper on North Sea oil, and the historically high level of our reserves—is that it favours virtue and discourages vice.

A high exchange rate protects the real wages even of those whose employers cannot afford large money increases, but threatens the prospects of those who try to push a presumed monopoly position, whether of goods or labour, further than the market will bear. Depreciations save costs from their folly, at the cost of cutting the real incomes of everyone else. Unfortunately, there is a price to be paid while these lessons sink in: for in a firm monetary context, inflationary behaviour from any source—unions, monetarism or even foreign oil suppliers—leads to recession.

It is clear that a virtuous circle may take a very long time to establish: in 18 years of exchange rate stability and consequent low inflation under the Bretton Woods system, this country failed to discover the secret of faster growth. There are many possible explanations—losses of Empire and a slow adaptation to new realities, insular management and the class system have all been blamed. Certainly one cause, which was still not fully learned as recently as last April, was a constant drain of resources into the public sector, faster than the economy could provide them.

Encouraging

Under present floating arrangements, monetary policy has emerged as the key to exchange rate management, and is now an equally firm commitment; but the Government has only now possibly learned, from a financially disappointing summer, that a firm monetary commitment entails a clear limit of fiscal freedom. The policy is unnecessarily costly now because of excessive Government borrowing.

In spite of this, some progress is visible. Inflation remains in check for the time being, and the economic indicators still show the recovery which resulted from reduced inflation. Despite the Ford settlement, exchange rate is still leading to high interest rates, but as the Green Paper points out, "the benefits from a higher exchange rate come fairly slowly, but then build up over a period of years."

What still perhaps needs to be spelled out is how such a policy operates. The real point about a strong exchange rate policy is now a clear commitment, set down in black and white in a Green Paper.

Letters to the Editor

Engineers

From the Director, Pira

Sir, Geoffrey Owen (November 17) made certain he would attract the attention of scientists, including "bas-beans" like me, when he headed his article "Why Science is irrelevant". But he need not have been quite so provoking, because I suspect that not only non-scientists but also scientists share his views that the status of engineers, designers and marketing men must be raised, and raised fast.

In the meantime, however, we must be very careful not to throw out the baby with the bath water if only because it is probable that the really big industrial product innovations these days still depend in large measure on science. I need only mention that word "transistor". Having made the point, I do not believe we need worry overmuch about enough science being done to keep up the flow of ideas. What we desperately need to worry about is the lack of, and the incentives for, engineers, designers and marketing men. Mr. Owen asks how we are to raise their status, presumably compared with scientists. One way is to pay them a lot more, something most budding engineers as well as scientists will surely understand.

Dr. N. K. Bridge
Pira,
Bundals Road,
Letherhead, Surrey.

Skill

From Mr. G. Lissner

Sir.—It would appear that Mr. Cole (November 14) and I may have different definitions of "skilled labour." I apply the term to those people who have needed a period of apprenticeship or craft training before being able to perform their work. While I agree that intelligence is not the only factor, it is a necessary one for this training. A problem of recent years has been schoolteachers encouraging students, with the report itself but on Job Elliott's summary.

Dr. Copeman claims that the British Institute of Management's report was "premature" and certain jobs to enable them because it was completed before to be performed, after some the publication of the Finance

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SOMETHING is rotten on the sevens admit, there is a good Promenade des Anglais. It is not just that the English are disappearing race in Nice, and that the famous palm-lined waterfront, commissioned by the English colony well over a century ago, may soon have to be renamed the Promenade des Japonais. Outwardly, the changes in this most mild-mannered of European cities are discreet. Even if the avenue's motorists are swarthy these days by computer-controlled traffic lights the town hall's pride and joy is the same stately row of belle époque palaces, bask in the same lambent winter sun, and has the same wealthy strollers and gamblers.

But behind the facade, the Promenade has become the centre of a growing and complex scandal. A part of it has just begun to come out in the courts: an unorthodox manoeuvre to establish a monopoly in the casinos, for which an examining magistrate has after some delay brought charges against a lawyer and a businessman who is a friend of the mayor, M. Jacques Médecin. More colour still, perhaps are the connected cases of vanishing heiress, a bankrupt casino under permanent occupation by its croupiers, the Swiss police's investigation, at the request of the French police, of a series of Swiss bank accounts, and the fact that in local offices throughout the town the word "Mafia" is on everybody's lips.

The local affairs of Nice, which always seems to live a life apart from the real world of France, have in recent weeks been the subject of increasing national interest, particularly in Paris. And for three good reasons: There is an avalanche of rumour that money from Italian underground organisations is being laundered in Nice. There are the controversial friendships of M. Médecin, a stalwart of the progressive conservative political faction of President Giscard d'Estaing. And, as some of the protagonists in a diabolical situation them-

selfs, the Ruhl.

After a shareholders' meeting on June 30, M. Fratoni steps out and announces: "We hold the majority in the Palais de la Méditerranée." As his surprised audience soon discovers, his take-over has been clinched by the chairman's daughter, Mme. Agnès le Roux, who used her voting right as a Board member to defeat her mother. So far, events point to little more than a family squabble. Mme. le Roux and her daughter have quarrelled over inheritance rights.

We switch rapidly to October last year. Agnès makes two half-hearted suicide attempts, on the

ment and/or fines, and secondly that the casino takeover may be annulled.

Police enquiries, related in court, so far show that Agnès le Roux opened an account at the Union Bank of Switzerland in Geneva, allowing M. Agnès drawing rights, on May 13 last year. On May 16, the day after the agreement M. Fratoni claims to have made with her that she would vote for the takeover, SwFr 889,500 (about £272,000) was paid in. The funds, police say, were immediately transferred to another account in the same bank. Three months later, say the police, more money was paid in and the whole lot transferred to a third account, at the Swiss Bank Corporation in Vevey, where it was later changed into international bonds. And then in February this year, M. Agnès closed the original Geneva account, which had a balance of exactly SwFr 41.

Quite apart from the legality or otherwise of the takeover operation, two big questions stand out, and Mother le Roux is not alone in thinking rather than a being done to find the answers.

The first is: Where did the acute source of embarrassment come from? The second to M. Médecin. The mayor, an

Something not quite nice on the Promenade des Anglais

BY DAVID WHITE

4th and the 6th. On the 27th, is known. Agnès at the time was married, had gone with her husband to the Ivory Coast and had come back to set up African girl education disappears with her Range Rover on the face of the earth.

Meanwhile, back at the Palais de la Méditerranée, things are going badly. M. Fratoni has put in an associate as chairman who employees loyal to Mme. Fratoni and Agnès over the casino takeover.

Maire Agnès first testified that Agnès was paid for her crucial vote, and then that she was paid for her future rights in the Monaco holding company where the family interests, run by Mother le Roux, are effectively blocked until 1982.

In exchange Agnès was to vote as instructed by M. Fratoni. The lawyer and M. Fratoni have provided documents supporting her second testimony: but one other is available only in photocopy.

On October 27, the anniversary of Agnès' disappearance, Maire Agnès was charged with breaking company law by buying a shareholder's vote.

But first we must introduce M. Jean-Maurice Agnès, a 40-year-old lawyer, human rights activist, and amateur yogi. M. Fratoni was similarly charged.

The charges mean that, first, the men could be imprisoned for Mother le Roux, as she

and/or fines, and secondly that the casino takeover may be annulled.

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court, so far show that Agnès le Roux opened an account at the Union Bank of Switzerland in Geneva, allowing M. Agnès drawing rights, on May 13 last year. On May 16, the day after the agreement M. Fratoni claims to have made with her that she would vote for the takeover, SwFr 889,500 (about £272,000) was paid in. The funds, police say, were immediately transferred to another account in the same bank. Three months later, say the police, more money was paid in and the whole lot transferred to a third account, at the Swiss Bank Corporation in Vevey, where it was later changed into international bonds. And then in February this year, M. Agnès closed the original Geneva account, which had a balance of exactly SwFr 41.

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The first is: Where did the acute source of embarrassment come from? The second to M. Médecin. The mayor, an

is: What happened to Agnès le amiable character with some- thing of a playboy image, a former journalist and author of the first road, if not the second, the standard work of Nîmes.

leads to the Mafia. A handsome, vigorous woman, former model, former violinist in a Paris orchestra, she has run her banker husband's affairs with a forceful hand since his death in 1967. Henri le Roux, who had managed the Monte Carlo casino, bought into the Palais five years before.

Her opponent, M. Fratoni, known to friends as Jean-Do, is an equally striking character who lives up to a more American image of a casino owner. He travels with bodyguards in his Mercedes. A Corsican, he came to Nice after receiving his first casino licence from the municipality 10 years ago. On being given the gambling licence of the old municipal casino, which went bankrupt, he opened the more successful Ruhl, which caters more for package tourists than for traditional clients. But Mireille Darc.

The present case is clearly an

attempt to roll in profit, and the Casino Municipal along

the coast at Cannes is losing heavily.

There are not that many people left around who are prepared to throw away several thousand pounds on one spin of the roulette wheel. The casinos continue to attract their addicts. Some just sit and take notes, working like Latin scholars on some invincible new system.

But the casinos are staggering under a combination of heavy taxes and their own ills, such as bad cheques and bad croupiers usually working with a "borsou" or player-accomplice to defraud the house of gambling chips.

The Ruhl had its own little scandal in the summer, when a series of charges were brought against croupiers for embezzlement.

Next door at the occupied Palais, croupiers say, it happened because the Ruhl has no unions and the management takes a 50 per cent instead of a 10 per cent cut on croupiers' tips — their only earnings.

It is also possible, though difficult legally, to break the bank. There was a famous occasion on July 8, 1975, when between 8 and 10.30 p.m. the Palais lost Fr 4.87m (£575,000 at current rates) on a roulette table. Shortly afterwards, the same players won Fr 3m at Menton, where the casino had to close and has only just reopened under new management. One of the winners was later found in Marseilles with a bullet in his head.

The case of Agnès le Roux and the money paid in her name may likewise never be fully clarified. But it seems probable that dealings in the casino monopoly case will be brought back to square one, some of the "bad atmosphere" (to quote a local lawyer) blown away, and the ambitions once endorsed by M. Médecin held in check.

Queen Victoria's ghost, presuming it winters in her favourite Nice suburb of Cimiez, will doubtless be relieved to hear it.

Weekend Brief



Sir Alex Page

Boxing

An overheard conversation—reputedly about the price of paper sacks—between an employee of the Continental Group and a competitor, plus the more momentous occasion of Britain's entry into the Common Market, led to the renegotiation of an agreement which is changing the shape of the Metal Box company.

That seemingly innocent conversation resulted in an investigation by the American Anti-Trust authorities, and helped to prompt Metal Box and Continental, a big American packaging group, into reviewing their technical agreement which for more than 30 years had effectively kept each company out of the other's established marketing territory.

The two companies remain "the best of friends," according to Metal Box chairman, Sir Alex Page, but the way has been opened up for them to become competitors for the first time. The opening shots in the coming battle have been fired on their hallowed home markets, with Metal Box going in with Standus to make cans for that most American of institutions, Pepsi Cola, in California. Meanwhile, Continental has already announced plans that it intends making beverage cans in this country.

For Sir Alex, who is 64 years old and would normally have retired last year, the new era into which he has steered Metal Box is a fitting farewell to his 42 years with the company. "To me, competition is stimulating," says Sir Alex with obvious relish. "He was chairman and chief executive of the group until last year, when he handed over the latter task to Mr. Denis Allport, but felt he ought to stay on in the capacity of chairman until the group had been firmly established on its new course.

Metal Box announced this week that it is going to the stock market to raise £35.2m, partly to finance its expansion in beverage cans but also to consolidate its market lead in central heating boilers and radiators. The decision to diversify was made five years ago. For a group that has 70 per cent of the business which gave it its name, it might have seemed an unnecessary digression. But Sir Frank explains that "people can only eat so much canned food and we could see ourselves approaching a static market."

Metal Box's motto can be summed up as: "If it can be canned, we'll do it." The most exciting part of a company which Sir Alex readily admits is "conservative" is its research and development programme, which is looking constantly for products that can be put into cans. After aerosol cans, baby foods, petfoods, creamed rice, and potatoes came soft drinks and beer, and this is these last two items which still hold a lot of momentum.

But the decision to diversify has proved very profitable and Metal Box's purchase of the Stelrad central heating business was added to a couple of years ago by the boiler interests of Ideal Standard so that it is now the biggest in Europe.

But the central heating success has not caused Sir Alex to go leaping off in all directions. There will be more acquisitions, but in products which are linked to those where the group has built up its expertise. The recent bid for the Rison cosmetic packaging group in Connecticut is an example.

Metal Box has never been a company to seek publicity. Its size and its hold on the manufacture of cans business, however, has inevitably put it in the public eye from time to time. It has been investigated by the Monopolies Commission, it was one of the first three guinea pigs to be examined by the new-style Price Commission, and has had its share of the limelight via its subsidiaries in South Africa and Israel (the latter now sold).

Conservative it remains, says Sir Alex, "but never dull"—an accusation which is often levelled at it. "We were always told by the experts that we would never be able to make an impact in export markets. After all, they said, it would just be exporting thin air." Just to prove them wrong, Metal Box is sending tin cans all over the world, and one of their latest orders is supplying an American whiskey blender with tins printed in the pre-1914 style, and complete with scratches to make them that bit more authentic.

Floating Punt

There are, at Dublin Airport, rows of desks for immigration officials but when flights from Britain arrive they remain unstaffed—a symbol of the casual attitude still taken by the two countries towards border crossings by their nationals. Within a few weeks,

however, this may all change. If the British and the Irish take different decisions about the European Monetary System the likely resultant gap in value between the Irish Punt and the British Pound could mean much closer controls over who is travelling where. It is fair to say that with the Republic and HM Government showing signs of nerves of the EMS most money is going on the two parties deciding to stay out, but the prospect of differing choices is an interesting one.

Disney showbiz expertise and Japanese technology are being channelled into a project that was planned some years ago, but put off partly as a result of the energy crisis. With prime costs of the EMS there is a general assumption that it will strengthen against the pound.



Will the English pound buy more fish than the Irish Punt?

slice of the profits.

Apart from using Disney skill and restaurateurs who have recently fought their way back into theme park design, the Japanese are very keen that from a tourist slump provoked by the Ulster troubles and the oil crisis. Last year the British spent £88.5m in the Republic, much of it in the West, an area itself well able to cope with still in desperate need of economic stimulation. Unfortunately the West also looks to agriculture for cash, and the farmers too are regarding the mechanics of the Disney rides. American crowd-control engineers have been looking at the prospect of an Ireland within the EMS with alarm. Most of them have come very well out of a Common Market agricultural policy designed to help the French but which has fitted the small farmers of Clare and Galway like a glove. A strong Punt might nibble away at some of that advantage and the Irish could find themselves importing food from a low-cost Britain.

The Irish are hoping that more than 1m British will visit the republic next year and are launching a substantial promotional programme to ensure that this growth actually happens. No one is particularly keen to face a prospect where prices which have been carefully sorted out on an equality between the Punt and the pound are upset by changing values. The thought of a currency surcharge on Irish holidays does not delight the Irish Tourist Board, or Aer Lingus which would be faced with a tangle of exchange rates on its popular routes.

There are some, however, who will get pleasure from the thought of an Irish pound, presently much despised by British taxi-drivers and publicans, being sought after as a form of payment in the UK. Perhaps in 1979 we will be asking for Irish express cover checks and will the Punt replace the royal in Marks and Spencer Oxford Street.

Contributors:
Hazel Duffy
Arthur Sandles

MONDAY—Sir Terence Beckett, chairman of Ford UK, at Department of Industry to hear range of sanctions by the Government against the company. Mr. Jack Lynch, Irish Foreign Minister, arrives in London for talks with James Callaghan, House of Commons debates oil critique. Mr. Denis Healey, Chancellor of the Exchequer, in talks on European Monetary System with Labour Party national executive's secretary and international committee. EEC Council meetings on education and on social affairs.

TUESDAY—Special meeting of Parliamentary Labour Party to

discuss European Monetary System. Rail drivers union meets British Railways board on working party plans. EEC Agriculture and Fisheries Ministers expected to meet to set agreement on fisheries issue. Fire Brigade Union delegates' conference on pay and hours of working. Confederation of British Industry monthly trend (November). Annual Kenneth Pilkington conference opens. Penta Hotel, London. Two-day conference by Financial Times on World Banking trends in Zurich. European Communities' conference on education and on social affairs. Brussels.

WEDNESDAY—House of Commons debates European Monetary System. Sir Harold Wilson, MP, principal speaker at City and

Financial Group conference "City and Industry—The Great Divide." Barrington House EC3. Mr. T. M. Edwards, former Commander-in-Chief of Metropolitan and City Police, to speak at conference on Corporate Fraud. Royal Garden Hotel, London. Mr. Richard Nixon, former U.S. President, arrives in London on private visit.

THURSDAY—House of Commons second reading on Merchant Shipping Bill. Prince Charles visits European Communities' Conference.

FRIDAY—Queen visits the Stock Exchange. Higher interest rates by Building Societies come into effect.

SATURDAY—Federation of European Liberal and Democratic Parties Congress opens, Churchill House, Westminster.

Nixon speaks at Oxford Union. Energy Trends publication, Department of Employment Gazette (October—final); employment in the production industries (September); overtime and short-time working in manufacturing industries (September); and stoppage of work due to industrial disputes (October).

SUNDAY—Queen visits the Stock Exchange. Higher interest rates by Building Societies come into effect.

MONDAY—Budget statement on Royal Mail parcels service. Mr. Richard

Economic Diary

Delta Flight 11. Daily non-stop between London and Atlanta, Georgia. Only Delta flies non-stop between London's easiest airport—Gatwick—and the U.S.A.'s easiest gateway—Atlanta, Georgia. At just travelling to the U.S.A. and through the U.S.A. has become much more convenient.

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London-Atlanta

Basic Season Fares

Budget or Standby Single Fare £42.00

Basic APEX (Advance Purchase) £214.00

Excursion Return Fare £214.00

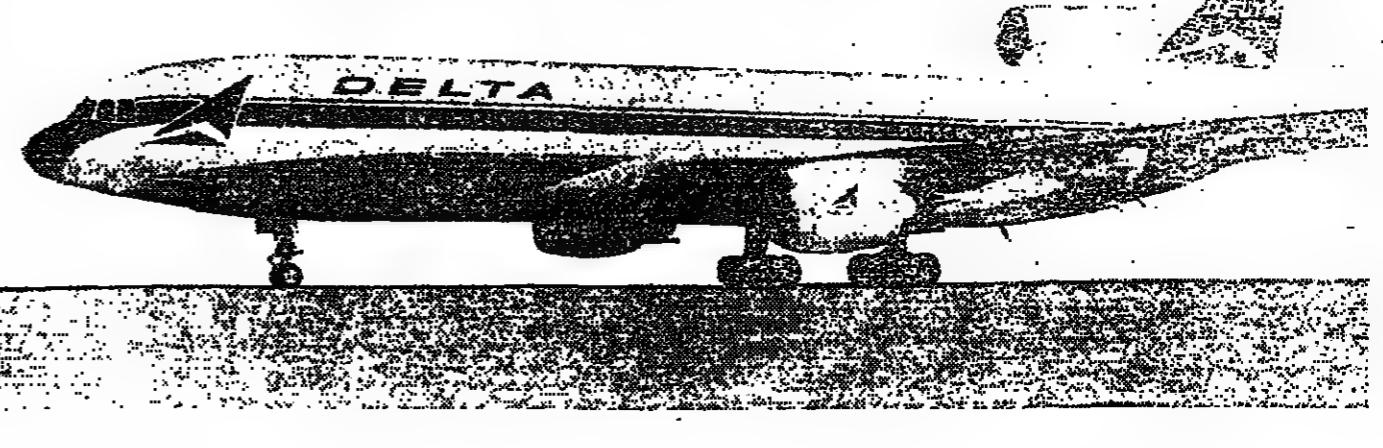
14-45 Day Basic Excursion Return Fare £274.00

Regular Basic Economy Single Fare £138.50

Regular First Class Single Fare (Valid all year) £367.50

All fares subject to change without notice.

Basic Budget, Standby and APEX Fares are valid until June 30, 1979; basic 14-17 Day Excursion and Economy Fares until June 11, 1979. The regular First Class Fare is valid year-round.



Delta is ready when you are.

COMPANY NEWS

Robertson Foods sees shortfall for year

LOWER PROFITS for the first half are reported by Robertson Foods and the directors say it is clear that profit for the year to March 31, 1979, will not reach the previous year's record £2.75m.

Turnover in the first half was £27.8m, against £28.3m, but profits before tax were £788,000 compared with £988,000 in the same period last year.

Earnings per share are shown at 6.3p against 7.05p. The interim dividend is maintained at 1.75p—last year's total was 3.74p.

The half year profit is after interest of £669,000 (4.84p) but before overseas tax of £105,000 compared with £182,000.

No corporation tax has been charged on UK profits, the Board says of the option that the tax-free amount is set aside for deferred tax is adequate to meet all liabilities that may arise in the foreseeable future.

The company's profit for the year to March 31, 1978, was £2.75m, against £2.6m in 1977.

The High Street prices for which started last year show little sign of shaking and the group along with other food manufacturers, has faced a very difficult trading period, the directors say.

With the many problems, foreign manufacturers' price-cutting is currently taking place to continue the diversification of the group's interests.

The half-year result before interest charges is satisfactory in view of the problems being experienced. Interest charges are, however, substantially higher, partly due to increases in the short-term situation. However, the group is soundly based and the directors are confident of improved profitability from a wider base in the longer term.

trading climate make it impossible to forecast with any confidence the short-term situation. However, the group is soundly based and the directors are confident of improved profitability from a wider base in the longer term.

• Comment
Robertson Foods was clearly wise of the mark when in June the chairman forecast further progress in the current year. Assuming the company is able to maintain the current level of trade, profits will be no more than £2.2m for the full year—down of 20 per cent.

The shares dropped 9p to 44p, giving a prospective p/e of 14, taking a line through the interim dividend, while the yield is 4.2 per cent on main market shares. Robertson, in line with many other food manufacturers, has been hit badly by the continuing fall in food consumption coupled with the effects of the High Street price war. Over six years the company has seen its margins fall from a healthy 7.6 per cent to currently 2.2 per cent. The main problem is the price war, which has lost 10 per cent of group profits, nevertheless, a good result is expected.

With the group's profit for the year to March 31, 1978, at £2.75m, and a 10 per cent margin, it is clear that the group's profit for the year to March 31, 1979, will be £2.2m.

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PROFITS before tax of WGI nearly doubled from £496,790 to £972,885 in the half year ended September 30, 1978, from sharply increased turnover of £18.82m against £12.97m.

The directors also announce the acquisition of Yorkshire-based Dowsell Piling and Foundations from the Bison Group for a purchase consideration of £1.25m.

The purchase has been satisfied by the payment of £341,018 cash and the issue to WGI of 700,000 ordinary 25p shares which have been placed on behalf of the vendor with financial institutions.

Dowsell is engaged in piling and foundation engineering and in the making and sale of piling equipment. Its systems are complementary to those of West's Piling and Construction in WGI's civil engineering division.

The directors of WGI are declaring an interim dividend of 2.5p net against 2p and because of the share placing the Treasury has consented to an increase in the annual rate of dividend from last year's 2.1p to 2.5p.

Mr. D. R. Brock, the chairman, says he is confident that progress should continue. He believes the profitability of Dowsell Piling can be increased substantially from its future association with West's Piling.

We confidently expect that the expansion of the company's operations in this field will produce significant advantages for the group," he says.

Profit before tax of Dowsell for the years ended March 31, 1978.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding for last year	Total for year
A. Holden	1.5	Jan. 8	1	3.25
Irish Oil & Coke	1.5	Dec. 15	NJ	1.25
Refilifusion	0.87	Jan. 3	0.87	—
Robertson Foods	1.37	Jan. 8	1.37	4.25
E. Sanger	0.1	—	2.65	3.1
WGI	1.5	Jan. 26	—	3.5

Dividends shown per share net except where otherwise stated.

¹Equivalent after allowing for scrip issue.

²Increased by rights and/or acquisition issues.

³Increased to reduce disparity. Total of 7p forecast.

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Cedar directors' profit on shares

Mr. Simon Coors, chairman, has paid. As part of the capital of Cedar Holdings, the fringe reconstruction in March, 1975, the bank which was rescued by its institutional shareholders following the secondary banking crisis, stands to benefit by nearly £100,000 on Cedar shares that he bought from the institutions over the last six months.

Earlier this week Cedar received an agreed bid from Lloyds and Scottish, which valued the ordinary shares at 25p. Although the shares are still officially suspended, the Stock Exchange last year gave permission under Rule 163 (2) for specific bargains in the company's securities to be entered into through stockbrokers.

Holden advances mid-year

At a price of 25p. In July 2000 shares were sold at 15p and the balance is now worth £8.800.

Mr. A. G. Glass, the managing director, also bought 100,000 shares from the institutions in April for 2p and subsequently sold 20,000 in July at 12p.

Together Mr. Coors and Mr. Glass should make a profit of £116,811 before capital gains tax on the ordinary shares.

At the end of the year, Mr. Coors revealed that before he was brought in to run Cedar in April, 1975, following the capital reconstruction, the institutions had agreed to make a block of shares available to him at some stage.

Under his chairmanship Cedar has made a surprisingly quick recovery. The institutional support funds which at one stage stood at £5.5m have been reduced to virtually nothing and last year Cedar made a pre-tax profit of £9m compared with a loss of £2.2m in 1973-74.

Mr. B. D. Oram, who is deputy chairman of Cedar and group investment manager of Phoenix Assurance, said the shares were sold to Mr. Coors and Mr. Glass as "they had done a splendid job." The price had been established by independent advisers.

At one point before the secondary banking collapse Cedar's share price had traded as high as 80p but they were suspended in December, 1975, since when no ordinary dividend has

* On 28th Oct. UK and 28th Oct. France, and includes charges to deferred taxation account. Excludes extra-ordinary items.

The Scottish National Trust Company Limited

13% Earnings Increase

13% Dividend Increase

10% Net Asset Value Increase

The results for the year ended 30th September 1978, are good and the net asset value of 216p per ordinary stock unit is another record.

Due to the constraints imposed by the International Monetary Fund, we have enjoyed a moderate recovery in this country and the rate of inflation has declined to approximately 8 per cent. With the way that wages negotiations are developing at this time, inflation will probably worsen before getting better. The real battle on the wages front is in the public sector; the fact that profitable and productive private industry is willing and able to pay a certain increase in wages is no reason for assuming that unprofitable state owned undertakings and unproductive government departments can do likewise.

Since the close of our financial year, a financial crisis has developed in the United States. Persistent balance of payments and budget deficits have undermined the dollar whose value began to fall at such a rate that emergency measures were needed to stabilise the position. Interest rates have risen substantially and this will mean a considerable increase in loan interest charges in the current year. We therefore have to be cautious in our outlook for the coming year and, to offset the effects on our revenue account, we have repaid \$3,000,000 of the overseas currency loan for the time being.

Copies of the Annual Report, containing the Chairman's Statement to shareholders in full, may be obtained from the Secretaries, Gartmore Investment (Scotland) Limited, Ashley House, 151-155 West George Street, Glasgow G2 2HB.

THE BORDER & SOUTHERN STOCKHOLDERS TRUST LIMITED

Managers — JOHN GOVETT & CO. LTD.

Five year summary of results

Year ended	Per Share Earnings	Per Share Dividend	Per Share Premium	Asset Value including 100% of that achieved by the
30th September 1974	1.07p	0.90p	32.50p	84.75p
1975	1.16p	0.95p	32.50p	62.6p
1976	1.33p	1.10p	32.50p	75.9p
1977	1.64p	1.50p	32.50p	87.3p
1978	1.83p	1.70p	32.50p	87.3p

Total Net Resources £90,085,922

U.K. 63.9% North America 21.3%

Points from Mr. C. Alan McLintock's review

The net assets of the trust show some increase over the previous year's figure but the increase was not on the scale of that achieved in 1976/77. In percentage terms, net assets rose 11 per cent, the London market 2 per cent and Wall Street 6 per cent. In sterling terms Japan again made a significant contribution. There was also some recovery in the level of the dollar premium.

During the year our shares were split 5 for 1 and adjusted for this capital change, net earnings per share rose from 1.64p to 1.83p, out of which total dividends of 1.70p are proposed compared with 1.50p in 1976/77.

Just as we were beginning to hope that a period of greater economic stability lay ahead, a renewed surge of inflationary fears and pressures has developed both at home and in the United States. Interest rates are again rising and share prices in most markets have taken an ominous tumble since our balance sheet date. It may offer only scant comfort in the short-term to comment, as we believe to be the case, that in neither absolute nor relative terms does the London market look overpriced.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

The major deal of the week, albeit of less interest to UK residents, was the £52m agreed bid by GEC for the U.S. office equipment company, A. E. Dick. GEC's offer is \$18.5 for each share of common stock and par value for each \$100 share of preference stock. The deal, concluded after only a few weeks of negotiations, will give GEC a worldwide sales and service network in the office equipment industry.

Lloyds and Scottish has made a £9.6m agreed cash offer for Cedar Holdings, the second mortgage group which was one of the casualties of the secondary banking crisis. The terms are 26p cash for each Ordinary share and 76p cash for each Preference share, and it has been irrevocably accepted by the institutions which have supported Cedar since 1974. Cedar, now back on an even keel, owes less than £2m to the institutions compared with a peak of £56.5m during the worst days of the crisis. Lloyds and Scottish intends to run the company much as it is now and has promised to pay off Cedar's remaining debts to the institutions.

Ladbrooke has expanded further into the hotel industry with a £4.4m agreed bid for the provincial up-market hoteliers, Myddleton Hotels. The offer consists of 300p cash or one Ladbrooke share plus cash giving an aggregate value of 300p for each share of Myddleton. Ladbrooke intends to treat Myddleton as a separate division of its hotel business.

Harrison and Crosfield is bidding £12.5m for the 40.9 per cent of Sahab Timber which it does not already own, offering one H and C share for every seven Sahab. H and C wants to restore the balance of its business which existed before it increased its stake in plantations.

A possible obstacle to Whitecroft's plans to take over Randalls, the building trades distributor, has been removed now that Ferguson Industrial Holdings, which has a 25 per cent stake in Randalls, has seen fit to accept the increased agreed terms offered by Whitecroft. These comprise one Whitecroft share plus 124p cash for every two Randalls shares and the offer values the latter company at around £2.9m. Earlier this year Ferguson Industrial itself made a bid approach to Randalls.

On increased capital earnings are given as 7.1p (7.7p) per 25p share and the interim dividend is raised from 1p to 1.5p net, indicating a move to reduce the disparity between this and the final payment—last year's final was 2.25p.

Holden manufacturers lacquers, coatings, varnishes, adhesives, powder coatings and printing inks.

UK sales were £5.9m, up 10.2% on 1977. Total sales were £6.5m, up 10.2% on 1977. Export made 25.8% of sales.

Net profit was £1.2m, up 10.2% on 1977. Total profit was £1.5m, up 10.2% on 1977.

* On 28th Oct. UK and 28th Oct. France, and includes charges to deferred taxation account. Excludes extra-ordinary items.

APPOINTMENTS

Hill Samuel group executive change

Mr. Michael Teagood has been appointed managing director of LAMBERT BROTHERS SHIPPING following the retirement of Mr. Richard Rose. Mr. Christopher Allen has joined the Board. The parent concern is Hill Samuel. *

Mr. L. G. Sharp is to retire from his executive position and as a member of the Board of C. T. BROWNING AND CO. on December 31. He is to become chairman of BERRY EDE AND WHITE.

Mr. J. R. V. Davies is to become a Deputy Secretary in the MINISTRY OF AGRICULTURE, FISHERIES AND FOOD at the beginning of next year. He succeeds Mr. B. D. Hayes whose promotion to Permanent Secretary was announced in October.

Mr. M. Mansell has made the following appointments: Mr. Eric Lotz becomes a director of R. MANSELL (CROYDON) and Mr. Kenneth T. Ryan has been made a director of R. MANSELL (WESTMINSTER).

Mr. Alan R. Taylor has been appointed a director and chief executive of RAWLINGS BROS. from December 4.

David W. Diehl has been elected a director and vice-president, Europe, of HEIDRICK AND STRUGGLES INC., based in London.

Mr. George Metcalfe has been appointed managing director of RENWICKS FREIGHT (HOLDINGS). Mr. Gordon Fisher has joined Renwick Freight division as operations director and Mr. John Townsend (commercial director) has been made responsible for marketing. Mr. Dennis Taylor, fleet engineer, becomes a director of the company.

Mr. Dennis Sommersett has joined JOHN BROWNE AND CO. with group marketing responsibility for China and will be appointed a director of John Brown (Overseas).

Mr. Christopher Stocker will be made a director of STANLEY GIBBONS CURRENCY from December 1.

Mr. J. R. J. Tilley, Mr. P. N. Stirling, Mr. J. D. Tilley, Mr. S. J. B. James have been taken into partnership with THOS. R. MILLER AND SON and Mr. F. B. C. ELLARD. Mr. H. M. P. Lawford, Mr. V. J. Parratt and Mr. R. N. Readman have become associates.

NATIONAL FARMERS UNION MUTUAL INSURANCE SOCIETY and AVON INSURANCE COMPANY have announced the following changes from January 1. Mr. G. A. Thomas will become deputy chief general manager of the group, continuing as general manager of Avon. Mr. R. H. Catton is made deputy general manager of Avon, and Mr. J. Bridgewater will be an assistant general manager of both companies.

Mr. Ian M. Barnes, secretary of the British Institute of Non-Destructive Testing, has been appointed secretary of the newly formed INSTITUTE OF TECHNICAL ENGINEERS IN MECHANICAL ENGINEERING. He takes up his new post from January 1.

Mid-term fall at Maxim's

PRE-TAX profits of Maxim's, the department store, slumped from £32.25m to £14.58m in the first half to June 30, 1978. The directors say the period under review was overshadowed by the French political climate.

Turnover was down £7,000 at £102,700. French tax takes £7,295, against £31,627.

For the whole of last year the company paid a single dividend of 15p per share on pre-tax profits of £33.295.

Is it time to be going into Wall Street again? And the do's and don'ts of trading with China.

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I understand that I will receive the Investors Review free of charge until 19th January 1979.

Company bid for	Value of bid per share*	Value of bid before price**	Value of bid (£m's)	Final date	Accts date	INTERIM STATEMENTS
Midland Educational	130*	236	320	2.10	Pentos	21.11
Midland Educational	245.15	238	343	A. Preedy	Sept. 24	90.200
Myddleton Hotels	200*	295	4.41	Ladbrooke	Sept. 30	(5,990)
Plantation Hds.	65*	65	12.93	Multi-Purpose	Sept. 30	1,210
Randalls	113.45	128	2.28	Harrison & Crosfield	Sept. 30	9,210
Sahab Timber	65	72	11.44	Belgrave (B'health)	July 31	19
				Black Arrow	Sept. 30	1,101
				Brummers Group	Sept. 30	1,307
				Bulmer Lumb	Oct. 8	1,524
				Century Oil	Sept. 30	537
				Capital & County	Sept. 30	1,200
				Courtaulds	Sept. 30	27,400
				Derriford	Sept. 30	300
				Dunhill (Aired)	Sept. 30	5,000
				Edison (R. A.)	Sept. 30	144L
				Elkay Grp. P'bor	Sept. 30	405
				Evens of Leeds	Sept. 30	866
				Exel	June 30	1,330
				Folkes Hale	June 30	1,510
				French Kier	June 30	3,300
				Grimpian T'rs	Aug. 31	192
				Hinton (Ames)	Sept. 16	832
				House of Fraser	Sept. 16	15,615
				Imperial	Sept. 30	344,000
				Intech	Sept. 30	142
				Locke (Thos.)	Sept. 30	1,030
				Metal Box	Sept. 30	31,370
				Mitro	Sept. 30	538
				National Carbons	Sept. 20	3,822
				Pauls & White	Sept. 30	3,370
				Powell Duffryn	Sept. 30	5

WORLD STOCK MARKETS

Dow 3 higher in very thin trade

INVESTMENT DOLLAR PREMIUM

\$2.50 to £1.8215, (62.1%)

Effective \$1.2320, 53.0%, (56.1%)

With many traders extending

Tursday's Thanksgiving collide

to the weekend. Wall Street

experienced very thin trading

yesterday, but managed a fresh

modest improvement despite news

of further rises in interest rates.

The Dow Jones Industrial

Average picked up 3.12 more in

\$10.12 for a rise on the week of

13.3%. The NYSE All Common

Index closed 20 cents higher at

133.43 to make a 40 cents gain

over the week, while advances

outsped declines by 892 to 450.

Trading volume reached only

14,390,000 shares, compared with

20,010,000 on Wednesday.

As the stock market opened,

Clark raised its Prime Rate to

11.1% per cent, and other

major banks quickly followed the

move. During the session, the

Federal Reserve indicated in the

short-term money market that it

was tightening credit policy by

raising its rate on key fed funds

to 10.1% per cent, and short-term interest rates rose

to 13.3%, and yields, 13.5 to

14.1%, and, however, reacted

to the Fed's action.

Metropolitan Trust jumped \$83

to 1,041. First City Trust, up

1,040, and each Metro share.

Helping the market were Pres-

reports quoting American officials as saying they believe chances are

good that OPEC will raise prices

by as much as 10 per cent, which

has not really been expected.

Some of the more active issues

were: Gwinnett stocks, Bally Rose

up 1.1% to 412. The company earlier

had received tentative

approvals to tear down the Blen-

heim Hotel Round, which would

allow it to build a larger Atlantic

City hotel-casino.

AMC advanced 4.1% to \$2.50. The

company and Merrill Lynch

had announced a definitive agree-

ment to merge AMCI into a Merrill

Lynch subsidiary. Merrill

Lynch said it is \$16.

The AMCI SE Market Value

Index up 1.14 at 145.50 for a

week's advance of 3.21. Volume

was 1,621,000.

Canada

Stocks further advanced in

accord with the Toronto

Composite Index rising 5.3 to

1,040.10, and Minerals

up 1.1% to 135.10. AMCI

short-term interest rates rose

to 13.3%, and yields, 13.5 to

14.1%, and, however, reacted

to the Fed's action.

Metropolitan Trust jumped \$83

to 1,041. First City Trust, up

1,040, and each Metro share.

Helping the market were Pres-

Tokyo

After gaining fresh ground, the market partially reacted on profit-taking to finish with a mixed appearance, following a heavy business. The Nikkei-Dow Jones Average touched a new record peak of 5,994.88 before reacting to 5,855.44, leaving a modest gain of 8.82. Volume 320,000 shares, against Wednesday's 350,000. Market was closed on Thursday for a national holiday.

Steel. Heavy Electrical

Machines and some low-priced

issues were particularly in

demand, reflecting a business

recovery in the steel and heavy

electric machine industries.

Funds. Textiles and Retail Stores

closed higher with the approach

of the year-end sales, while

Shipping also rose, reflecting a

recovery of the world tanker

market.

Export-oriented

Electricals, Cars and Vehicles,

however, faced support, and Sony

declined to 7.82. TDK Electronics

up 90 cents to \$2,060 and Nippon Kogaku

Y9 to 1,478.

Paris

Bourse prices were widely lower

in quiet conditions.

L'Oréal retreated 21 to FF 713

after announcing a proposed

although stocks closed firmer for

Carrefour choice.

declined 37 to FF 2,100, BSN 18

to FF 555 and Pernod-Ricard 11

to FF 293.

Germany

Stocks mainly drifted easier in

a thin business, the Commerzbank

index shedding 4.1 to 832.5.

In Motors, Volkswagen headed

DM 3.40 to DM 240.80 on news of

the breakdown of co-operation

talks with Nixdorf AG.

Chemicals had BASF DM 1.60

lower at DM 134.20, reflecting dis-

appointing nine-month trading

figures.

Hong Kong

Share prices declined across the

board in light trading, the Hang

Seng index losing 18.88 more to

4,524.

Swire Pacific fell 55 cents to

HK\$ 6.84, Hong Kong Land 45

cents to HK\$ 7.82, Hong Kong

Bank 40 cents to HK\$ 16.40, Jardine

Matheson 30 cents to HK\$ 11.80

Hutchinson Whampoa 23 cents to

HK\$ 4.05 and Wheellok 20 cents

to HK\$ 2.50.

Australia

After Thursday's good rally

markets were quieter yesterday

although stocks closed firmer for

Carrefour choice.

N.Y.E. ALL COMMONS

Nov. 24 Nov. 25 Nov. 26 Nov. 27

Nov. 28 Nov. 29 Nov. 30 Nov. 31

Nov. 30 Nov. 31 Nov. 30 Nov. 31

J. H. in L. T.

21

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Volkswagen's talks with Nixdorf come to a halt

BY ADRIAN DICKS

VOLKSWAGEN AND Nixdorf have abandoned exploratory talks that might have led the motor company to a stake in the German computer company. Had it succeeded, such a transaction would have broken new ground, majority which Herr Nixdorf was unwilling to give up. It was believed in the industry that VW was prepared to pay over DM 500m (\$265m) for such a stake.

A brief statement by VW said DM 500m for such a stake.

The talks with Nixdorf had come to nothing because of differing views on the size of the shareholding it should take up. A compromise was agreed to on alternative plans for broadening its capital base. Specification was made clear immediately after the market flotation for the computer exploratory talks were first confirmed ten days ago that Herr Nixdorf come to a halt.

Heinz Nixdorf had no intention of surrendering control of his company.

In the absence of any further information from either side, it is believed that VW had sought to buy that Nixdorf had sought a majority which Herr Nixdorf was unwilling to give up. It was believed in the industry that VW was prepared to pay over DM 500m (\$265m) for such a stake.

Attention now shifts to a Press conference which Nixdorf has called for next Wednesday, at which it may give details of alternative plans for broadening its capital base. Specification was made clear immediately after the market flotation for the computer exploratory talks were first confirmed ten days ago that Herr Nixdorf come to a halt.

Meanwhile, VW appears for the time being to have no other possible diversification moves under advanced a state of discussion, as those with Nixdorf. A meeting of the VW supervisory Board today, at which the Nixdorf deal was to have been raised, was said to have only routine business before it.

The FTC is filing a complaint in a Washington DC federal district court, the course of which will be closely followed by merger and acquisition specialists. This is because the FTC has backed out of its conventional complaints that the merger is anti-competitive and in violation of federal securities laws, the novel argument that Grand Union have chosen a more competitive route in trying to break into the retail food business in the south east U.S., where Colonial operates 378 stores out of its Georgia headquarters.

The FTC alleges that the retail food business in many towns and cities where Colonial operates is already dominated by a few large chains. In some markets, Colonial is the leading food retailer. The FTC argues that the barriers against entry are significant, and the combination of Grand Union with Colonial is likely to make the prospect of fresh competition less strong than they were when first proposed by the Government. The 50 per cent surcharge will be applied to two-thirds instead of the total, while the Crédit Agricole's current plans for branches will be allowed to go through.

The two sides reached a compromise on the bank's area of activity. Until now, it has only been able to make direct loans in rural communities of up to 7,500 inhabitants. The Government has offered to extend this ceiling to 10,000, while the bank sought to double it to 15,000. In the end, they settled on 12,000, a figure which is expected to in-

crease the Crédit Agricole's number of clients by some 3m.

The bank, whose balance-sheet places it number three in the world, will be allowed to extend its activity to advancing businesses engaged in storing, processing and selling farm products, including for export.

From January 1981, it will be allowed to finance small and medium-sized companies with less than 100 employees in rural communities, even if they are unconnected with agriculture.

The government has also allowed for an easing of credit limits for farmers. It will provide for a set level of non-subsidised loans each year, and change the present system of state-backed loans to give easier access to credit for young farmers and stockbreeders.

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MAN OF THE WEEK

Mission to Rhodesia

BY PHILIP RAWSTORNE

FEW OF Mr. James Callaghan's appointments have been endorsed with such warm approval by the Commons as his choice this week of Mr. Cledwyn Hughes for the Rhodesian re-balancing mission.

The all-party mission is a measure of the personal popularity, esteem and trust that the MP for Anglesey has accrued during his 27 years of Westminster. For Mr. Hughes, the Rhodesian mission comes as an unexpectedly dramatic climax to a political career that is drawing to a close. "Unpredictability is one of the rewards and charms of political life," he told the Commons earlier this month.

Hughes announced his retirement at the next General Election, he was presently surprised to find himself back in the Commons, moving the Royal Address to the Queen, at the opening of another session.

"I am not sorry to be here for a while longer," he confessed—and Labour MPs, in mutual delight, promptly re-elected him chairman of the parliamentary party. The personage, behind-the-scenes influence which Mr. Hughes has exerted in this post over the past four years accounts now for much of the confidence placed in him in the Prime

Minister and the Commons. He has not rank as an intellectual though he is no mean Welsh scholar. But he is politically acute, independent of mind, and has the jocular humour and gently benign manner that wins acceptance.

In his African mission, he will be able to draw also on the experience acquired as Commonwealth Minister of State at the time of Rhodesia's UDI, when he headed Government delegations to Salisbury and Zambia. Mr. Hughes' career provides one of the supreme examples of the local boy who made good. Born in Holyhead, the son of a Presbyterian Minister, he has retained affectionately close ties with his native background. He is now president of University College, Aberystwyth where he studied to become a solicitor; a Freeman of Beaumaris and Anglesey where for more than 25 years he has presided at the annual eisteddfod.

Mr. Hughes played an active part on Commons backbench committees and when the Wilson Government took office in 1964 was an obvious choice for a middle-ranking post. After two years at the Commonwealth Office, he was promoted to the Cabinet in 1966 as Secretary to the Home Office. For many who reckons to have conducted all but a handful of his election meetings in Welsh, it represented the summit of achievement. Mr. Hughes relished in his enjoyment of the post and severely bid his disappointment on his transfer in 1968 to Minister of Agriculture. With humorous self-deprecation, he tells friends now that his only noticeable success at the department was erasing the little lion from the country's eggs.

After Labour's defeat in 1970, he remained on the Opposition front bench as agricultural spokesman for a year. But as an ardent pro-Marketite, he gradually became detached from the Wilson leadership. Poured over for a Government post after the 1974 elections, he was drafted by moderate Labour MPs to challenge left-wing Mr. Ian Mikardo as chairman of the parliamentary party.

He won—and in his conscientious and considerate use of the post as a liaison between Government and backbenchers consolidated the respect of both sides. When Mr. Callaghan, a life-long friend became Premier, Mr. Hughes declined to return to the Government, preferring the backbench role of mediator.

Mr. Callaghan had cause to be grateful. The decision enabled Mr. Hughes last year to play a crucial and still largely unsung part in securing the Lib-Lab pact which guaranteed the Government's survival. It was a useful grounding for his self-defined mission next week as "an explorer of possibilities." If there is even a hint of compromise in Rhodesia, Mr. Hughes is the man to detect it.

Interest rates boost for National Savings

BY EAMONN FINGLETON

THE TREASURY surprised a City yesterday by announcing a highly competitive new package of National Savings offers.

The interest rate of "investment account" deposits at the National Savings Bank is being raised from 9 per cent to a record 12 per cent, two points above the previous highest rate announced in the wake of the autumn 1976 sterling crisis.

The Department is also bringing in a new issue of National Savings certificates which will offer a return of 8.45 per cent free of tax to anyone who holds for the maximum five years. The new issue will go on sale from the end of January, when sales of the current 14th issue will be suspended.

The savings bank investment account is already popular with non-taxpayers, particularly pensioners, and the new rate will enhance its attractions. Investment account deposits are withdrawable on one month's notice.

The societies expect that about £100m of savings will be withdrawn by high-rate taxpayers in the first weeks after the new issue comes in.

The issue represents almost unbeatable value for anyone paying more than standard rate tax.

The maximum holding per investor will be relatively low at £1,500, a measure which will

limit the impact on building societies.

Investors can hold up to £3,000 of the current National Savings certificate issue, which yields 7.59 per cent free of tax over four years.

The jump from the 14th to the 18th issue is explained by the existence of three special intervening issues, the 18th, the pensioners' issue, remains on sale; the 16th was offered briefly and then withdrawn in favour of the 14th; and the 17th was announced earlier this year but never launched because interest rates shot up before it went on sale.

Michael Blanden writes: Short-term interest rates continued to decline in the London money markets yesterday with a further fall in the average rate on Treasury bills at the weekly

rate of 11.5625 per cent compared with 11.7254 per cent a week earlier.

The bill rate dropped to 11.5625 per cent from 11.7254 per cent a week earlier. On the market-related formula for determining the Bank of England's minimum lending rate, which was abandoned last May, this would again have produced an MLR of 12.1 per cent against the present rate of 12.1 per cent.

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Syndicate excludes Rothschild Bank from Arab bond issue

BY NICHOLAS COLCHESTER

AN INVESTMENT bank with Jewish connections has been excluded from an International Finance Corporation because of the Middle East crisis.

Rothschild Bank, the Zurich associate of the London merchant bank, was asked to leave the syndicate for a \$60m floating rate note issue for the Banque Nationale d'Algérie.

The issue was managed by Banque Gutzwiller, Kurz, Bannister & Göttsche. Mr. Jean-François Kurz, general manager, confirmed yesterday that an ad hoc syndicate had been

assembled for the issue including two banks that are not usually members of the Gutzwiller syndicate Saudi Finance Company and Arab Bank Overseas.

He said that after discussions between these banks and the Banque Nationale d'Algérie, one

of Algeria's state banks, the exclusion of underwriters with Jewish connections from international bond syndicates before they would make their purchasing and placing power available.

Mr. Gilbert de Botton, managing director of Rothschild in Zurich, said he had reacted to his bank's exclusion "more in sorrow than in anger." He did not really expect Gutzwiller to take up its syndicate on Rothschild's behalf, but he was not certain that Rothschild would participate in Gutzwiller syndicates in future.

Difficulties resulting from Arab-Israeli enmity have been much less prevalent recently than in 1974-75. In the wake of the Yom Kippur war and with the Arab oil exporters in the first

flush of their financial power, such as Rothschild, has to be asked to leave if it is not to be some Arab banks insisted on the

issue.

Guest members for any particular issue can be invited in as were the Arab banks in this case, but an existing member, such as Rothschild, has to be asked to leave if it is not to be

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Belgians in £1bn steel rescue

BY GILES MERRITT

THE Belgian Government has launched a rescue plan for the steel industry that is expected to cost about £600m (£1bn) and could involve almost a third of the industry's 45,000 workers losing their jobs.

The Government has also, in

advance of the December 17 BfFr 2.5bn fund.

Under the plan, the Belgian State takes a 60 per cent stake in Cockerill, largest of the steel producers which recorded a BfFr 7.2bn loss last year and in the Charleroi area in a number of companies known as the Triangle.

State participation in the less hard-pressed concerns, such as the very modern Sidmar subsidiary of Luxembourg's Arbed and the Clabecq company, will

stop at 10 per cent, the settlement of local authorities.

Belgian trade unions have warned that the plan could cost 15,000 jobs but agreed to it last night in principle in negotiations with Government and employers.

A final union decision will not

come until the end of January after examination of the re-employment programmes being set up with the backing of a special

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The Government's holdings will be divided 50-50 between two State bodies, the Société Nationale d'Investissements and the Société Régionale d'Investissement.

Details, Page 2

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It notes, for example, that once a virtuous circle of exchange rate stability, lower costs and greater stimulus to efficiency has been established, the effects of any initial loss of price competitiveness may be removed.

The Government suggests that "perhaps a fair conclusion would be that there have certainly been cases where countries have improved their balance of payments over a period where their exchange rate fell because it was no longer in line with the UK."

The European Monetary System Green Paper Cmd 7405 price 50p from the Stationery Office.

In recent years, however, the

Councils told to keep rate increases below 10%

BY PAUL TAYLOR

THE GOVERNMENT yesterday told local authorities in England and Wales to keep the next round of rate increases to "single figures."

But the local authority associations described this hope as "at best optimistic and at worst unrealistic."

Tight spending limits and uncertainty over pay deals were the

problems.

Mr. Peter Shore, Environment Secretary, said the Government's 1979-80 rate support grant to local authorities announced yesterday provided for a "modest" increase in local government spending, but was aimed at

at maintaining "stability and continuity."

Overall, both the level of grant and its distribution, with the exception of London and in particular Inner London, held few surprises and was little changed from the 1978-79 settlement.

Out of an additional £25m in grants London will receive an extra £1m, of which £23.3m will go to Inner London.

The only other major, though not unexpected, change in the package is that Mr. Shore has finally decided to give the "needs element" part of the grant, related to district council expenditure, direct to the non-metropolitan district councils rather than to the county.

In spite of Treasury pressure for a reduction in the percentage grant, Mr. Shore has kept the grant at 61 per cent of overall approved council spending which is to be £14,109m at November, 1978, prices.

This includes local authority current expenditure of £12,036m, a 1.6 per cent increase over the expected final local authority expenditure this year, and about 1 per cent more than budgeted expenditure this year. Total grants for 1978-80 will be £28,607m of which £7,358m is the rate support grant.

Mr. Shore has set a tight cash limit on expenditure—the provision to increase grants in line with increases in pay and prices. The £417m cash limit reflects both Government policy on pay increases and Government forecasts of a 7.5 per cent inflation rate on items affecting local government expenditure.

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Unfortunately, though acceptance for the recent firmness of short-dated gilt is the absence of a more disclosure of bad debt provisions, the clearers are finding it difficult to agree on the medium dated tap stocks with the timing. Indeed overhanging the market at the latest news is that the Big Four moment, and this limits the scope for improvement here. As two, rumoured to be Midland one broker put it, it is currently and National Westminster, in very much a "collectors" market." The institutions have had their 1978 accounts, barring any fill of gilts for the time last minute change of heart it seems possible that one of them is prepared to dip in and, at least, will break ranks collect some more stock in the next batch of annual.

Against this background, the reports

THE LEX COLUMN

U.S. stopper for gilt-edged

Index rose 3.9 to 479.9

The disagreement does not end there. Some of the more liberal bankers even want to abolish the whole mumbo-jumbo of bank accounting. More and more of them are accepting the case for dropping the special accounting rules. Sir Harold Wilson's intervention may hurry up the laggards—especially since Tuesday's evidence will be released to the Press afterwards.

Bank disclosure

Pity the clearing bankers. They are in for a worrying weekend trying to decide how they should handle Sir Harold Wilson's committee when they appear before it on Tuesday. Sir Harold Wilson has already supplied the clearers with a list of the questions he would like answers to—including areas such as banking supervision, competition, fiscal neutrality, and the case for public ownership of banking. But most immediately embarrassing for the clearers are the penetrating questions they have been told to expect on the sensitive question of discount market who thought MRC could fail relatively soon. This perhaps partly explains the way the treasury bill rates are being bid down and the slightly surprising firmness in the short end of the gilt-edged market.

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Investment Management Service (PIMS), including portfolio reports and valuations, instructions to meetings and investment/financial planning advice if required. You should regard your investment as long-term.

Quarterly dividends

An investment of £500, based on the current estimated gross yield, is expected to produce £1.48 gross income per